

# REPRESENTATIVE BEN CARPENTER

*Session:*

State Capitol Building,  
Room 24  
Juneau, AK 99801



*Interim:*

145 Main St. Loop,  
Room 223  
Kenai, AK 99611

## House of Representatives DISTRICT 8

### House Bill 142 STATE SALES AND USE TAX

#### Sectional Analysis

##### Section 1

HB 142 amends AS 28.10.021 to add sales and use taxes for vehicles.

##### Section 2

HB 142 amends AS 43.05.240 (a) to add sales tax collectors to those who may file for grievance if their seller's permit or resale exemption certificate is revoked.

##### Section 3

AS 43 is amended by adding a new chapter to institute a statewide sales tax of two percent of sale or lease of tangible property or services and a two percent use tax on tangible personal property. The use tax is applied to tangible personal property acquired outside of Alaska as the result of a transaction that would have been subject to the sales tax if it had occurred in Alaska. The use tax is also applied to tangible personal property that has been converted to a use that is subject to tax. The use tax is additionally applied to services in Alaska that would be subject to a sales tax if purchased in this state (remote purchases).

HB 142 provides exemptions to the sales tax for sales that are exempt by federal law 26 USC (Internal Revenue Code): government, tax-exempt corporations, employee wages, interest on loans and deposits, stock dividends, financial services fees, insurance premiums, personal uses of property or between business partners, the sale, lease, or construction of real property.

HB 142 provides tax credits for sales or use taxes paid to another state.

HB 142 requires businesses to acquire a seller's permit before doing business in Alaska.

HB 142 exempts resales from taxation.

HB 142 allows the department of revenue to suspend or revoke a seller's permit if the person who holds the permit fails to comply with the provisions of this law.

HB 142 requires the department of revenue to enter the Streamlines Sales and Use Tax Agreement, a multi-state agreement for processing of cross-state transactions.

HB 142 allows for a municipal share. The legislature may appropriate half the revenue collected from this tax to municipalities. A municipality may receive an appropriation under this section if the municipality does not collect either:

- Property taxes in excess of ten mills; or
- An oil and gas production tax or gas pipeline property tax.

#### Section 4

Contains conforming language.

#### Section 5

Provides for a transition to allow the department of revenue to adopt regulations under the Administrative Procedures Act.

Allows for services contracted before the effective date of the tax to be exempt from the tax.

Allows for persons to apply for a seller's permit or a resale permit before the effective date of this act.

#### Section 6

Provides an immediate effective date for Section 5.

#### Section 7

Provides an effective date for the remainder of this act of January 1, 2025.