

# Fiscal Note

State of Alaska  
2025 Legislative Session

Bill Version:	CSHB 97(JUD)
Fiscal Note Number:	2
(H) Publish Date:	5/2/2025

Identifier: HB097-DOR-TAX-2-20-25  
 Title: ORG. RETAIL THEFT/FUND;MKTPLACE SALES  
 TAX  
 Sponsor: FIELDS  
 Requester: House Judiciary

Department: Department of Revenue  
 Appropriation: Taxation and Treasury  
 Allocation: Tax Division  
 OMB Component Number: 2476

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates				
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>OPERATING EXPENDITURES</b>	<b>FY 2026</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>FY 2031</b>
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	***	<b>0.0</b>	***	***	***	***	***

**Fund Source (Operating Only)**

None							
<b>Total</b>	***	<b>0.0</b>	***	***	***	***	***

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None	***		***	***	***	***	***
<b>Total</b>	***	<b>0.0</b>	***	***	***	***	***

**Estimated SUPPLEMENTAL (FY2025) cost:** 500.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2026) cost:** 10,000.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
 If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/2026

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.

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Division: Tax Division	Date: 02/20/2025 04:00 PM
Approved By: Janelle Earls, Administrative Services Director	Date: 02/21/2025
Agency: Administrative Services	

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2025 LEGISLATIVE SESSION

## Analysis

**Bill Analysis**

As it pertains to taxes, this bill would create a two percent sales tax on products sold by marketplace facilitators, if the marketplace facilitator has gross sales in the state of \$250,000 or more, or makes 200 or more separate sales into the state. Marketplace facilitators would be responsible to collect and remit the tax to the Department of Revenue (Department) on a form or in a format prescribed by the Department and would be required to register with the Department.

45 states have a state sales tax, of those, 42 have implemented a similar marketplace facilitator tax to make sure that online sales are required to collect sales tax to provide parity with in-store brick and mortar purchases. The Wayfair U.S. Supreme Court case provided that online-only sellers without a physical presence in the state were also required to collect sales tax. This equalized the treatment of sellers/buyers regarding sales tax whether the transaction occurs online or in person. This bill would apply a sales tax to online sellers only when a state level sales tax law is not in force in Alaska.

**Revenue Impact**

The revenue impact of this bill cannot be determined at this time due to a lack of available data regarding sales by marketplace facilitators in Alaska. The Department does not have information to be able to estimate the revenue impact of applying a sales tax only to qualifying marketplace facilitators as stipulated in this bill. A broad-based sales tax applied only to marketplace facilitators would generate much less revenue than a sales tax applied to all transactions and sellers, but the Department is unable to estimate by how much. One study showed Alaskans spent approximately \$10 billion in retail transactions per year, with approximately 15 percent being online purchases versus in store purchases. It is unknown exactly what share of total retail purchases would be subject to the marketplace facilitator tax, or how the imposition of the tax might impact consumer and business behavior to avoid the tax. Thus, the revenue impact is indeterminate.

**Implementation Cost**

The cost impacts of this bill cannot be determined at this time. The Department requires more time to further study the estimated needs. No other state has a marketplace facilitator only tax to compare to and it will take additional research to estimate the number of positions that would be needed to administer the tax.

In the past, the Department has estimated it would require 74 employees to administer a broad-based sales tax based on what was reported by other states with a sales tax. The initial need would be for the Department to seek assistance from a sales tax expert to work with Department on creating an implementation plan including estimates of staffing, space, supply, and equipment needs. The Department would also require expert help in drafting regulations. This cost is estimated at roughly \$500,000 and is reflected as an FY2025 supplemental cost.

The Department will also need to engage FAST Enterprises, our Tax Revenue Management Services (TRMS) contractor, to build a sales tax module into TRMS. The needed updates to TRMS would be a multi-year process. Because of the lack of a specific effective date for the tax, the assumed effective date is 90 days from signature of the bill. TRMS would not be ready in that short of a time. Under an expedited timeline, the Department would need 12 to 18 months before being ready to accept returns. The TRMS system would require much reconfiguration to add a sales tax return module with associated databases, an examination and audit module, communications, and integration with existing imaging, accounting, and collections modules. The \$10 million capital cost reflects an estimate for our contractor, FAST Enterprises, to develop a new module for this tax type in our Tax Revenue Management System (TRMS). The breakdown of that cost is an estimated \$8 million for development, and an extra \$2 million for an expedited rollout because of such a short timeline for programming and implementation before the effective date, which may not be possible.