



**CITY OF THORNE BAY
RESOLUTION 21-06-15-01**

A RESOLUTION AUTHORIZING THE MAYOR TO SIGN THE SALES TAX COLLECTION SERVICE AGREEMENT ON BEHALF OF THE CITY OF THORNE BAY ("CITY") WITH ALASKA MUNICIPAL LEAGUE ("AML") FOR THE COLLECTION OF SALES TAX REVENUES FOR THE CITY OF THORNE BAY

WHEREAS, the City Council is the governing body for the City of Thorne Bay; and

WHEREAS, the finance department is responsible under municipal ordinance for the efficient administration of its local sales tax; and

WHEREAS, the City is dedicated to efficient tax administration that promotes the highest levels of voluntary compliance, revenue collection, service, and fair enforcement of its sales tax ordinance; and

WHEREAS, sellers with a physical presence in the City's jurisdictional boundaries (called "local sellers") must submit quarterly tax returns to the City's taxing authority. Preparing and filing those returns imposes a burden on local sellers; and

WHEREAS, the City desires to reduce the administrative burden and expense of complying with the sales tax by offering local sellers the option of filing sales tax returns and submitting sales tax remittances through an online tax portal; and

WHEREAS, AML provides Alaska municipalities sales tax registration, reporting, and remittance services through an online tax portal.

WHEREAS, the City desires to contract with AML to provide an online portal for local sellers (i) to register as local sellers, (ii) to submit sales tax returns and (iii) to remit sales tax collections.

WHEREAS, once adopted, the Mayor will enter into the Agreement with AML, and the City Clerk will work with AML for introduction and implementation of the Sales Tax Collection Service; and

WHEREAS, the City Clerk will draft an ordinance to amend the City Code Chapter 3.17-Sales Tax, to reflect the online filing for sales tax registration, reporting, and remittance services through an online tax portal.

NOW, THEREFORE, BE IT RESOLVED, the that the City Council for the City of Thorne Bay, hereby approves the Agreement between the City of Thorne Bay and AML for the Sales Tax Collection Service Agreement.

Adopted this 15th Day of June 2021


Cindy Ederfield, Mayor

Attest:


Teri Feibel, CMC

SALES TAX COLLECTION SERVICE AGREEMENT

This Service Agreement (the “Agreement”) is made and entered into as of this 1st day of June 2021 between the City of Thorne Bay (“City”) and the Alaska Municipal League (“AML”) (each individually referred to as a “Party” and collectively referred to as the “Parties”) for the collection of sales tax revenue.

Background

1. The Municipality’s finance department is responsible under municipal ordinance for the efficient administration of its local sales tax.
2. The Municipality is dedicated to efficient tax administration that promotes the highest levels of voluntary compliance, revenue collection, service, and fair enforcement of its sales tax ordinance.
3. Sellers with a physical presence in the Municipality’s jurisdictional boundaries (called “local sellers”) must submit monthly, quarterly or annual paper tax returns to the Municipality’s taxing authority. Preparing and filing those returns imposes a burden on local sellers.
4. The Municipality desires to reduce the administrative burden and expense of complying with the sales tax by offering local sellers the option of filing sales tax returns and submitting sales tax remittances through an online tax portal.
5. AML provides Alaska municipalities sales tax registration, reporting, and remittance services through an online tax portal.
6. The Municipality desires to contract with AML to provide an online portal for local sellers (i) to register as local sellers, (ii) to submit sales tax returns and (iii) to remit sales tax collections.

Agreement

The Parties agree as follows:

1. **Term and Termination.** The Agreement shall commence on the Effective Date and shall continue as such in full effect and force until terminated by either Party upon 60 days’ written notice.
2. **Scope of Services and Responsibilities.** AML’s services and responsibilities under this Agreement are as follows:
 - a. **Online Tax Portal Services.** AML will develop and maintain an online tax portal to allow local sellers to (i) to register as local sellers, (ii) to submit sales tax returns and exemption certificates, and (iii) to remit sales tax collections.

- b. **Tax Portal Filings.** The tax portal will provide local sellers a standardized sales tax return on behalf of the Municipality. The tax portal will use sales tax rates and exemptions that are confirmed by a legal representative of the Municipality.
- c. **Physical Return and payment processing.** As needed, AML will process physical sales tax returns and payments from sellers on behalf of the Municipality.
- d. **Reporting.** AML will provide the Municipality a customized report each month showing registered sellers, gross sales, sales tax collected, and exemptions claimed.
- e. **Business Registration / Licensing.** AML will issue business licenses and register local sellers through the portal in accordance with Municipality requirements.
- f. **Delinquencies.** AML will send (i) monthly delinquency notices to sellers who have delinquent, unfiled sales tax return(s) and (ii) monthly balance due notices to sellers who have not paid in full.
- g. **Accessibility.** AML will make the online tax portal accessible to the Municipality and registered local sellers.
- h. **Control Over Services.** AML will retain the unqualified right of control over the means, manner, and methods by which the Services are rendered and performed. AML will be responsible for providing all equipment, materials and supplies required to timely provide those Services which have been requested by the Municipality. The Municipality understands and acknowledges that AML will contract with a third party to perform these services.
- i. **Insurance.** AML agrees to maintain, at AML's sole cost and expense, Worker's Compensation Coverage where required by law and applicable General Liability Insurance, as required.
- j. **Taxes.** AML shall be solely responsible for filing all tax returns, tax declarations and tax schedules, and for the tax payment, with respect to fees earned by AML under this Agreement.
- k. **Termination of Agreement Services.** Upon termination of this Agreement, AML shall provide to the Municipality confirmation of destruction of hard copy confidential information of Municipality transferred to AML; all electronic account information must be deleted from AML's computer systems, including backup copies. In addition, AML shall send a letter to all registered taxpayers notifying them that AML will no longer be offering online tax portal services.

3. **AML Fees for Services.** As compensation for the services provided under this agreement, AML will be entitled to the fees specified in Exhibit A.

4. **Expansion of Scope of Services.** The online tax portal will be initially established with the capability to handle sales tax registration & licensing, sales tax return filing, and payment of sales tax obligations. AML may offer additional capability to pay additional types of municipal taxes and other services through the online portal. AML is required to provide those additional services only if agreed to by the Parties in a separate written agreement.
5. **Municipality's Responsibilities.** Municipality's responsibilities under this Agreement are as follows:
 - a. The Municipality will have the sole authority to set tax policy, tax rates, tax deductions, tax exemptions, tax rules, and tax classifications. AML will not set tax policy, tax rates, tax deductions, tax exemptions, tax rules, and tax classifications.
 - b. The Municipality will be responsible for confirming sales tax rates, exemptions, interest, and penalties that will apply to returns filed by local sellers through the tax portal.
 - c. The Municipality will promptly inform AML of any changes to its sales tax rates, exemption, or ordinances.
 - d. The Municipality is solely responsible for enforcing its sales tax code, conducting audits, proceeding with tax collection legal proceedings. AML is not responsible for enforcing the Municipality's sales tax code.
 - e. In the event a sales tax return is filed through the online tax portal, but the local seller remits the sales tax due directly to the Municipality, the Municipality will pay to AML its fee for services calculated under Exhibit A and attributable to such sales tax payments made directly to the Municipality.
 - f. Monthly filing will be required for Sellers unless otherwise approved by the Municipality.
6. **Confidentiality-Unauthorized Disclosure.** Within or after the services period, AML shall at no time divulge, release, or remove for its use or that of any other individual or company, any confidential municipal or taxpayer documentation or information obtained under this Agreement. Furthermore, the Municipality and AML agree that:
 - a. Confidential Information shall include, but is not limited to, all non-public information, written or oral, whether disclosed directly or indirectly, through any means of communication or observation by a taxpayer or any of its affiliates or representatives to or for the benefit of the AML.
 - b. Confidential information excludes that which is public knowledge or publicly available.

7. Indemnification.

- a. Each Party agrees to defend, indemnify, and hold the other Party, their officers, employees, and agents harmless from and against any and all liability, loss, expense, or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent that such liability, loss, expense, or claims for injury or damages is caused by or results from the negligent or intentional acts or omissions of that Party, its officers, employees, or agents.
- b. Municipality shall indemnify, defend, and save harmless AML and its respective officers, agents, and employees from and against any and all losses, costs, including reasonable attorneys' fees, liabilities, damages, and deficiencies, including interest, penalties and settlement amounts entered into, in each case, with respect to any and all claims that arise out or are connected to the Municipality's sales tax, including sales tax administration, sales tax enforcement, and sales tax collection activities.

- 8. Notice.** Any notice sent under this Agreement must be sent by email with confirmation of receipt, fax, common carrier, or certified mail, return receipt requested, provided that such notice is addressed to the other Party at the address set forth below:

Municipality
Address
City, ST Zip Code

**Alaska Municipal League One Sealaska Plaza,
Ste. 200 Juneau, AK 99801**

9. Miscellaneous Provisions.

- a. **Entire Agreement.** This Agreement represents the entire agreement and understanding between the Parties with respect to the subject matter of this Agreement and supersedes all prior or contemporaneous, express or implied, written or oral agreements, representations, and conditions between the Parties with respect to the subject matter of this Agreement.
- b. **Counterparts.** This Agreement may be executed in any number of counterparts, including by electronically transmitted signature, and each counterpart shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same agreement.

- c. **Amendment.** No addition to or alteration of the terms of this Agreement will be valid unless made in the form of a written amendment to this Agreement, which is formally approved and executed by the Parties.
- d. **Assignment.** This Agreement may not be assigned by the AML without Municipality's prior written consent, which may not be unreasonably withheld.
- e. **Severability.** In the event any provision of this Agreement is held by a court of competent jurisdiction or arbitration to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated in any way.
- f. **Third-Party Beneficiaries.** Each Party intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of, any person or entity other than the Parties. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person or entity not a Party to this Agreement. Nothing in this Agreement shall be deemed or construed to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between the Parties.
- g. **Independent Contractor.** AML shall perform under this Agreement as an independent Contractor. AML and its officers, agents, and employees are not, and will not be deemed, employees of the Municipality for any purpose, including workers' compensation, and will not be entitled to any of the benefits accorded to employees of the Municipality. AML shall determine, at its own risk and expense, the method and manner by which the duties imposed in general by this Agreement will be performed.
- h. **Governing Law.** This Agreement will be governed by the laws of the State of Alaska. Any legal proceeding relating to this Agreement shall be exclusively brought in the Superior Court of Alaska, Third Judicial District at Anchorage.

[SIGNATURE PAGE FOLLOWS]

The Parties have executed this Agreement as of the Effective Date.

MUNICIPALITY

ALASKA MUNICIPAL LEAGUE

Cindy Edenfield - Mayor
Printed Name/Title:

Printed Name/Title:

Cindy Edenfield
Signature

Signature

Exhibit A

Sales Tax Collection Service Agreement Statement of Fees

Section 1. Fees payable to AML

The fees outlined in Section 1 will be applied to total municipality receivables including salestax, late fees, penalties and interest, as determined by seller filing(s) processed by AML in a given month.

Fee Description	Fee amount
AML Administrative Fee	0.5%
AML Monthly Hosting & Support Fee	2.0%
Total monthly fee:	2.5%

Section 2. Municipality Implementation Fees

The Municipality Implementation Fees outlined in this section are payable to MUNIREvs and are one-time costs specific to implementation.

Fee Description	Fee Amount
Customization of one tax form & workflow	\$2,000
Customization of one licensing form & workflow	\$2,000