



# Funding Options: Sales Taxes

# Innovative Sales Tax Funding

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1. Bed Taxes
2. Seasonal Sales Tax
3. General Sales Tax Rate Increase
4. Online Sales Tax collection
5. Other Taxes

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## Bed Taxes

- Frequently used to fund housing-related projects.
- More beneficial for municipalities that see significant visitor influx.
- Since bed taxes aren't paid by locals, can be easier to pass public vote.
- Does not require municipality to have general sales tax in place.

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## Sales Tax Options

- Implement general sales tax if one isn't already in place.
- Implement seasonal sales tax
  - Can be standalone or additional % on top of regular rate
- Increase year-round sales tax rate
  - Dedicate increase to specific fund
- Join Alaska Remote Seller Sales Tax Commission (ARSSTC)
  - Allows collection of local sales tax from online businesses

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## “Other” Tax Options

Two most common “other” sales tax options are: 1)Alcoholic Beverage Sales Tax & 2)Tobacco Excise tax

- Alcoholic beverage or sales taxes are generally not allowed unless municipality has a general sales tax in place.
- Tobacco excise tax does not have same limitation.
- Depending on community/resident spending habits, the revenue will likely be less impactful than other sales tax efforts.
- Could be used in combination with other sales tax approaches.

# THANK YOU



Strengthening Local Governments