

Introduced by: Council Member Hessler
Introduction Date: September 27, 2022
Public Hearing Date: October 11, 2022
Action: Passed
Vote: 4-3

CITY OF BETHEL, ALASKA

Ordinance #22-34

AN ORDINANCE BY THE BETHEL CITY COUNCIL ESTABLISHING A SHORT-TERM AMNESTY PROGRAM REQUIRING COMPLIANCE WITH THE SALES TAX AND BUSINESS LICENSING CODES FOR THE PAYMENT OF DELINQUENT TAXES AND ALLOWING THE FORGIVENESS OF FEES, PENALTIES, AND INTEREST TO INCENTIVIZE VOLUNTARY COMPLIANCE

WHEREAS, sales tax evasion presents a serious fiscal problem resulting in the loss of large amounts of revenue to which the City is entitled;

WHEREAS, the City's finance personnel are taking a closer look at the community's sellers' sales tax filings and have identified a significant level of noncompliance, so much so that it would take enormous resources to work with the presumed hundreds of violators;

WHEREAS, creating a program for the forgiveness of fees, penalties and interest associated with the delinquent taxes is expected to incentivize compliance while efficiently managing the Finance Department's personnel and protecting the delinquent tax principal held in trust for the City;

WHEREAS, the fees, penalties, and interest applied to the principal of the delinquent taxes outlined and mandated by the code are high, especially for those sellers that refuse to comply with the audit process;

WHEREAS, sellers that apply and follow through with the amnesty program could see significant financial savings with the waiving of fees, penalties and interest;

NOW THEREFORE BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF BETHEL, ALASKA:

SECTION 1. CLASSIFICATION. This is a non-codified Ordinance and shall not become part of the Bethel Municipal Code.

SECTION 2. AMNESTY PROGRAM. Notwithstanding Bethel Municipal Code Chapter 4.16.290, Forgiveness of uncollected taxes, penalties, and interest, the Bethel City Council adopts and authorizes the city manager to create and implement a one-time amnesty program for businesses or individuals doing business in Bethel who may have

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an existing tax liability. The amnesty program allows penalties and interest to be waived for the tax filing periods between October 1, 2019, and October 1, 2022, provided the seller meets the following criteria:

Eligibility for participation.

1. On or before December 31, 2022, the seller applies on a form and in a manner specified by the finance department.
2. On or before February 28, 2023, the seller files complete tax returns for all tax reporting periods between October 1, 2019, and October 1, 2022, for which the seller has not previously filed a tax return, and/or files completed amended returns for all tax reporting periods for which the seller underreported the tax liability.
3. At the time of filing completed tax returns, the seller pays in full all taxes due for all periods for which amnesty is requested or agrees to and complies with the terms of a repayment plan as provided in BMC 4.16.280. Failure by the seller to fully comply with the terms of a repayment plan agreement shall render the participation in the amnesty program null and void, unless the city manager, following recommendation from the city attorney, determines that the failure was due to reasonable causes.
4. No later than December 31, 2022, the seller has or obtains a city business license in accordance with BMC 5.04 and sales tax certificate in accordance with BMC 4.16.090.
5. The delinquent sales tax was due on or between October 1, 2019, and October 1, 2022, and the seller agrees to hold all records for the reporting period(s) for which amnesty is requested, and that are required under BMC 4.16.330 until November 1, 2024
6. The delinquent tax amount is paid in full by November 1, 2024.
7. The seller understands that participation in the amnesty program does not exempt the seller from being audited in the same manner as other sellers. If, between the date of the amnesty agreement and December 31, 2024, the finance director finds any other nonreporting or underreporting of tax liability by any seller who could have otherwise been eligible for amnesty, the finance director shall impose penalties as permitted by Chapter 4.16.

The amnesty program does not apply to sellers who:

1. Have entered into or are negotiating a compromise or settlement agreement with the City of Bethel regarding an unpaid tax liability.
2. Are involved in a pending administrative, civil, criminal, or bankruptcy court action. In this section, "pending administrative action" includes a sales tax audit notice issued on or before October 1, 2022, unless such seller has engaged in corrective action with the finance department in which case the seller may

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participate in the amnesty program.

3. Are currently seated city council members, the currently seated council member's immediate family members, or any organization of which the currently seated council member is a director, officer, or employee between January 1, 2020, and December 31, 2022.

Immediate family member includes:

- a) The spouse of the person;
- b) Another person cohabiting with the person in a conjugal relationship that is not a legal marriage;
- c) A child, including a stepchild and an adoptive child, of the person;
- d) A parent, sibling, grandparent, aunt or uncle of the person; and
- e) A parent or sibling of the person's spouse.

SECTION 4. EFFECTIVE DATE. This Ordinance shall become effective following adoption by the Bethel City Council.

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF BETHEL, ALASKA THIS 11th DAY OF OCTOBER 2022 BY A VOTE OF 4 IN FAVOR AND 3 OPPOSED.


Mark Edward Springer (Nov 2, 2022 13:57 AKDT)

Mark Springer, Mayor

ATTEST:



Lori Strickler, City Clerk

Ordinance 22-34 Amnesty Program For Payment Of Delinquent Taxes

Final Audit Report

2022-11-02

Created:	2022-11-02
By:	Lori Strickler (lstrickler@cityofbethel.net)
Status:	Signed
Transaction ID:	CBJCHBCAABAAF51DciHJELJ3PukJSRQ6N0D2smoDSGh

"Ordinance 22-34 Amnesty Program For Payment Of Delinquent Taxes" History

 Document created by Lori Strickler (lstrickler@cityofbethel.net)


2022-11-02 - 7:06:59 PM GMT- IP address: 209.165.171.98

 Document emailed to mspringer@cityofbethel.net for signature

2022-11-02 - 7:07:31 PM GMT

 Email viewed by mspringer@cityofbethel.net

2022-11-02 - 9:56:25 PM GMT- IP address: 24.237.158.240

 Signer mspringer@cityofbethel.net entered name at signing as Mark Edward Springer

2022-11-02 - 9:57:14 PM GMT- IP address: 24.237.158.240

 Document e-signed by Mark Edward Springer (mspringer@cityofbethel.net)

Signature Date: 2022-11-02 - 9:57:16 PM GMT - Time Source: server- IP address: 24.237.158.240

 Agreement completed.

2022-11-02 - 9:57:16 PM GMT