

Introduced by: Finance Committee
Date: April 25, 2023
Public Hearing: May 9, 2023
Action: Passed
Vote: 5-0

CITY OF BETHEL, ALASKA

ORDINANCE #23-07

AN ORDINANCE BY THE BETHEL CITY COUNCIL AMENDING BETHEL MUNICIPAL CODE CHAPTER 4.16.350, AUDITS, TO CLARIFY THE PROCESS FOR SALES TAX AUDITS

WHEREAS, sales tax constitutes a large portion of the city's revenue, and the collection of sales tax is a critical source of funding for city services;

WHEREAS, sellers who collect sales tax hold such tax in trust for the city, and are responsible for timely remitting it to the city;

WHEREAS, Bethel Municipal Code 4.16.350 allows the Finance Department to audit sellers to ensure they are timely remitting the appropriate amount of sales tax to the city;

WHEREAS, the Finance Department is increasingly using its audit authority and wishes to clarify sales tax audits so that the public better understands the process;

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF BETHEL, ALASKA, that

Section 1. Classification. This ordinance is permanent in nature and shall be placed in the Bethel Municipal Code.

Section 2. Amendment. The Bethel Municipal Code 4.16.350, Audits, is amended as follows. The old language is stricken, and new language is underlined.

4.16.350 Audits.

A. Any seller who has established a sales tax account with the city, who is required to collect and remit sales tax, or who is required to submit a sales tax return is subject to a discretionary sales tax audit at any time. The purpose of such an audit is to examine the business records of the seller in order to determine whether appropriate amounts of sales tax revenue have been collected by the seller and remitted to the city.

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B. The city is not bound to accept a sales tax return as correct. The finance director may make an independent investigation of all retail sales or transactions conducted within the city.

C. The records that a seller is required to maintain under this chapter shall be subject to inspection and copying by authorized employees or agents of the city for the purpose of auditing any return filed under this chapter, or to determine the seller's liability for sales tax where no return has been filed.

D. In addition to the information required on returns, the city may request, and the seller must furnish, any reasonable information deemed necessary for a correct computation of the tax.

E. The city may adjust a return for a seller if, after investigation or audit, the city determines that the figures included in the original return are incorrect, and that additional sales taxes are due; and the city adjusts the return within three (3) years of the original due date for the return.

F. For the purpose of ascertaining the correctness of a return or the amount of taxes owed when a return has not been filed, the finance director may conduct investigations, hearings and audits and to that end may examine any relevant books, papers, statements, memoranda, records, accounts or other writings of any seller at any reasonable hour on the premises of the seller and may require the attendance of any officer or employee of the seller. Upon written demand Within 30 days of receipt of the notice of audit by the finance director, the seller shall present for examination, ~~in the office of~~ to the finance director, such books, papers, statements, memoranda, records, accounts and other written material as may be set out in the demand unless the finance director and the person upon whom the demand is made agree to presentation of such materials at a different place. Following a written request from a seller, the finance director may extend the deadline for items requested in the notice of audit.

Unless extended by the finance director, if within thirty (30) days of receiving a written request for information, the seller fails or refuses to furnish the requested information, the finance director shall may impose the penalties for violation in accordance with BMC

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4.16.430 H. 04.16.430, in addition to those penalties set forth in subsection J of this section. If the seller can prove proves to the satisfaction of the finance director that the failure to respond was due to reasonable causes and not due to rather than willful neglect, the finance director may waive the penalties prescribed in BMC 4.16.430 H 4.16.430 and/or subsection (J) of this section.

G. The city manager may issue subpoenas to compel attendance or to require production of relevant books, papers, records or memoranda. If any person refuses to obey any such subpoena, the city manager may refer the matter to the city attorney for an application to the superior court for an order requiring the person to comply therewith.

H. Any seller or person engaged in business who is unable or unwilling to submit their records within the city shall be required to pay the city for all necessary expenses incurred for the examination and inspection of their records maintained outside the city.

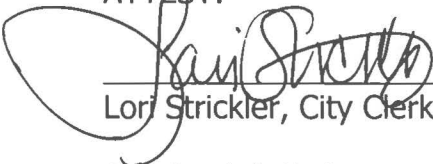
I. After the completion of a sales tax audit, the results of the audit will be sent to the business owner's address of record.

J. In the event the finance director, upon completion of an audit, discovers more than five hundred dollars (\$500) in additional sales taxes due from a seller resulting from a seller's failure to accurately report sales and taxes due thereupon, the seller shall bear responsibility for the full cost of the audit. The audit fee assessment will be in addition to interest and penalties applicable to amounts deemed to be delinquent by the finance director at the time of the conclusion of the audit.


SECTION 3. Effective Date. This ordinance shall become effective upon passage by the Bethel City Council.

ENACTED THIS 9th DAY OF MAY 2023, BY A VOTE OF 5 IN FAVOR AND 0 OPPOSED.


ATTEST:



Lori Strickler, City Clerk
City of Bethel, Alaska



Rose Henderson, Mayor


MAYOR HENDERSON
BETHEL, ALASKA
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