



SMALL TOWN, BIG BEACH

COUNCIL AGENDA ITEM SUMMARY

TO: Mayor Craft & Members of the City Council
FROM: Marcy Kichler, Revenue Supervisor
DATE: May 11, 2020
SUBJECT: Amendment to Code of Ordinances Chapter 8 to require mandatory electronic filing of Sales, Use, Lodging and Rental Tax

ISSUE: In an effort to increase the accuracy and efficiency of the reporting and collections of Sales, Use, Lodging and Rental taxes, the Revenue Division is requesting to amend the Code of Ordinances to require electronic filing of Sales, Use, Lodging, and Rental tax which would mirror the State Code. Electronic filing would be required for tax payments of \$750 or greater. Once this threshold has been met, electronic filing is required for all future payments.

BACKGROUND: Taxpayers are currently required to file their State taxes electronically through MAT (My Alabama Taxes). Taxpayers may elect to file their city and county taxes through MAT or by submitting a paper return along with payment.

In January we processed 3,573 tax returns, of those 754 were paper returns. The majority of these were received from tax processing services such as Anybill and Avalara.

Requiring electronic filing will increase the speed and accuracy of our division's tax processing. It will also strengthen our internal controls as we receive payment via EFT or ACH directly into our account from the state.

We would like to make this change effective August 1, 2020 to allow adequate time to inform and prepare taxpayers. Taxpayers that wish to continue to file paper returns may request a hardship exemption from the Revenue Division, similar to the State's process of exempting.

The State of Alabama and many other municipalities already require electronic filing; among them are Orange Beach, Lincoln, and Alabaster.

RECOMMENDATION: Approve amendment to Code of Ordinances to add §8-118A to require electronic filing.

PREVIOUS COUNCIL ACTION: None

BUDGET IMPLICATIONS: None

RELATED ISSUES: None

ATTACHMENTS: Code of Ordinances §8-118A recommended amendment

DEPARTMENT: Finance and Admin

STAFF CONTACT: Marcy Kichler