

ALASKA STATE LEGISLATURE

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Senator Click Bishop

Senate Bill 178 Sectional Analysis

- (1) Section 1. Amends AS 43.52.010 to reduce from 90 days to 30 days the term of rentals that are exempt from the rental vehicle tax. It also clarifies that all renewals and extensions of a vehicle lease are included when determining if a lease is more than 30 days and, therefore, exempt from the rental vehicle tax.
- (2) Section 2. Makes two changes to current law. The DOR has interpreted the current rental vehicle tax's exemption of vehicles used to transport personal property as applying only to the transport of household goods for private, personal purposes. This section clarifies that this exemption applies to the transport of any goods, equipment, or other property, whether for commercial or private purposes. This section also reduces the minimum gross vehicle weight rating to qualify for this exemption from 8,500 lbs to 6,500 lbs to insure that the rental vehicle tax is not being applied to Alaskan businesses engaged in commercial rentals of heavy vehicles (i.e. half-ton and 3/4 ton trucks) to other Alaskan businesses.
- (3) Section 3. Makes these changes retroactive to 2004, so as to reflect the original intent of the legislature that the vehicle rental tax would apply to short-term rentals to tourists, and not to Alaskan businesses renting to other Alaskan businesses. This is needed because the DOR is attempting to collect nine years of back taxes, interest, and penalties from many different Alaskan companies based on its new interpretation and application of the vehicle rental tax