



Randal G. Buckendorf

Managing Counsel  
Alaska Region



BP Exploration (Alaska) Inc.  
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P.O. Box 196612  
Anchorage, AK 99519-6612

February 14, 2014

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Randal.buckendorf@bp.com

*Via Fax (907) 465.2389 and Certified Mail/Return Receipt Requested*

Commissioner Angela Rodell  
State of Alaska  
Department of Revenue  
P.O. Box 110400  
Juneau, Alaska 99811

Re: Applicability of State Vehicle Rental Tax to Vehicles under Long-Term  
Leases Used in BPXA's North Slope Oil and Gas Operations

Dear Commissioner Rodell:

BP Exploration (Alaska), Inc. ("BPXA") recently learned that the State of Alaska Department of Revenue ("DOR") is attempting to collect a 10% excise tax on the gross fees and costs charged for any "passenger vehicle" leased to BPXA (and possibly others) for use in our North Slope Operations. We are aware that in response to a query from Senator Micciche, DOR unequivocally stated that the tax in question applies to vehicles leased on the North Slope. See Attachment 1 (November 29, 2013 email from Senator Micciche's office and December 3, 2013 response). BPXA respectfully disagrees that the passenger vehicle rental tax imposed under AS 43.52 applies to the motor vehicles BPXA leases. We write to provide you with some history and background concerning State regulation of North Slope roads that may be helpful to you.

BPXA operates 13 North Slope oil fields, including the Prudhoe Bay, Endicott, and Milne Point fields. As operator, BPXA uses hundreds of passenger vehicles. Most are large four-door pickup trucks. Many of these vehicles are purchased outright, but others are utilized via long-term leases. The leased vehicles are picked up and dropped off at vendor locations in Deadhorse and all are used inside the numerous oilfields BPXA operates.

The motor vehicles that BPXA leases<sup>1</sup> do not meet the definition of "passenger vehicle" under the statute. This term is limited to motor vehicles "driven or moved on a highway or other public right-of-way in the state . . . ." AS 43.52.099(2)

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<sup>1</sup> Of course, BPXA is not in a position to comment regarding applicability of the vehicle rental tax to other parties who lease or rent vehicles.

(emphasis added). No definitions of the underlined terms are provided by AS 43.52. However, the Alaska Department of Transportation ("ADOT") and the Division of Motor Vehicles ("DMV"), both of which are copied on this letter, have previously determined that the roads in Deadhorse and the rest of BPXA's North Slope fields are not considered public highways or rights-of-way under State law. Public highways are generally defined in terms of those roads to which the public has an unlimited right of access and that are maintained by the State or a local municipality. Because Deadhorse and the North Slope fields are industrial oil and gas operations, BPXA restricts access to protect public safety. BPXA also performs all maintenance on those roads. To make it clear to the general public that it is leaving the public portion of the "Haul Road," signage located approximately eight-tenths of a mile from the "T" intersection of the Dalton Highway and Lake Colleen Road establishes that Deadhorse and the North Slope oilfields are restricted access areas. See Attachment 2 (Photo of Restricted Access Sign and Map showing its location).

As with the application of AS 43.52, the ADOT's authority to enforce commercial motor vehicle ("CMV") regulations depends on whether the roads are public highways. Lacking a State definition, ADOT looked to federal regulations to make this determination. 49 CFR sec. 390.5 defines "highway" as:

any road, street, or way, whether on public or private property, open to public travel. The term "open to public travel" means that the road section is available, except during scheduled periods, extreme weather or emergency conditions, passable by four-wheel standard passenger cars, and open to the general public for use without restrictive gates, prohibitive signs, or regulation other than restrictions based on size, weight, or class of registration. . . .

Based on the facts that: (1) the roads are not publicly maintained; and (2) public access is restricted, ADOT concluded that the CMV regulations did not apply to the North Slope and Deadhorse roads because they were not "highways." We understand that the Department of Law and Department of Natural Resources concurred with this determination. However, to emphasize the fact that access to the roads in question is restricted, BPXA and ADOT agreed that BPXA would post the above-mentioned sign with the following language:

YOU ARE NOW LEAVING STATE MAINTAINED ROADS AND ENTERING  
AN INDUSTRIAL AREA IN WHICH HEAVY EQUIPMENT MAY BE  
OPERATING. USE CAUTION WHEN ENCOUNTERING HEAVY  
EQUIPMENT ON ROADWAYS AND OBEY ALL TRAFFIC SIGNS. ACCESS  
WILL AT TIMES BE RESTRICTED BEYOND THIS POINT. FOR  
ADDITIONAL INFORMATION CONTACT PBU SECURITY AT 907 659-5631.

See Attachment 2.

More recently, an issue came up regarding applicability of the vehicle registration requirements for vehicles being used in Deadhorse or the North Slope oilfields. In the Summer of 2013, the Director of the DMV issued a directive to DMV staff confirming that the registration requirements did not apply because vehicles driven in those areas are considered to fall under the "driven in areas exempt from registration" exemption provided for in DMV's Standard Operating Procedure "T-80" and the "driven or parked on private property" exemption set out in AS 28.10.011(7). The DMV thereafter notified the Alaska Trucking Association and other interested parties that DMV would continue to process "title only" requests for vehicles with a Deadhorse or other North Slope oil field address without any issue or registration requirements.

We believe the State of Alaska agencies having primary jurisdiction over the status of the Deadhorse and North Slope oil field roads have thoroughly evaluated whether vehicles operating in these areas are subject to State regulation and have concluded that they are not. In reaching their conclusions, both agencies were mindful of the significant costs the State would incur to publicly maintain the roads in question. DOR's present attempt to apply the passenger vehicle rental tax contradicts these prior determinations.

Setting aside the fact that the motor vehicles BPXA leases fall outside the statutory definition of "passenger vehicles," there are also statutory exemptions that would likely apply to the motor vehicles leased by BPXA. Because the statutory exemptions are very fact-specific, the vehicle rental tax could not be applied to any BPXA lease transaction without an analysis on a case-by-case basis of each exemption. For instance, the tax is only applicable if the lease or rental of the vehicle "does not exceed a period of 90 consecutive days." AS 43.52.010; see also 15 AAC 52.030. Many of the motor vehicles BPXA leases for use in Deadhorse and its North Slope oilfields are leased for periods much longer than 90 consecutive days. Additionally, vehicles having "a gross vehicle weight rating greater than 8,500 pounds . . . designed, used or maintained primarily for the transportation of personal property" are exempt from the statutory definition of "passenger vehicle." AS 43.52.099(2)(F). A percentage of trucks that BPXA leases would fall under this exemption.

BPXA has never considered AS 43.52 applicable to equipment leased by BPXA for use in Deadhorse or any of the North Slope field locations. To the best of its knowledge, BPXA has neither paid the tax to any of its vendors, nor until DOR's recent attempt to apply the tax, been specifically invoiced for such. Continued attempts by DOR to apply the tax to vehicles leased by BPXA for exclusive use in Deadhorse and the North Slope oil fields would contradict prior determinations by ADOT and DMV that the roads in question are not "highways." If the roads are considered highways, the implications would reach far beyond the current rental tax issue. Questions regarding road maintenance responsibility, compliance with transportation regulations, applicability of fuel and transportation taxes, and

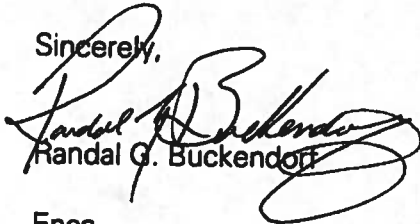
Commissioner Angela Rodell  
February 14, 2014  
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enforcement would need to be globally addressed by the State and North Slope oil and gas operators.

BPXA would welcome the opportunity to meet with you to discuss this matter further. Please let us know if you would like to schedule such a meeting.

Thank you in advance.

Sincerely,

  
Randal G. Buckendorf

Encs.

Cc: Commissioner Patrick J. Kemp, P.E., Alaska DOT  
Director Amy Erickson, Alaska Division of Motor Vehicles  
Phil Cochrane, VP External Affairs, BPXA  
Amy Mackenzie, Counsel, BPXA

Hello Larry,

Please see my attached response and relevant enclosures. I apologize I couldn't get this to you yesterday. Please let me know if you have any follow up questions.

Thank you most kindly,  
Lacy

**Lacy Wilcox**

*Special Assistant  
Department of Revenue  
907.465.2301*

**From:** Larry Semmens [<mailto:Larry.Semmens@akleg.gov>]  
**Sent:** Friday, November 29, 2013 4:32 PM  
**To:** Wilcox, Lacy J (DOR)  
**Subject:** AS 43.52

Hi Lacy

This is follow-up to our phone conversation today.

A constituent received a letter from Jonathan Page, Tax Auditor III, regarding payment of taxes due on passenger vehicle rentals per AS 43.52. This constituent is in the equipment leasing business and operates primarily on the North Slope.

Please tell me if enforcement of this tax on companies leasing vehicles on the North Slope is a new priority for the Department or is there evidence that this particular segment of the industry has been expected to collect and remit the tax from the beginning of the law being in effect in 2004?

If they have been expected to comply is there evidence that businesses have been complying? I ask this because it sounded to me like none of colleagues of our constituent knew that they were supposed to be collecting the tax.

If this is a new interpretation of the applicability of the law, it seems like retroactive collection of the tax may be unreasonable. My own experience in this type of situation is that if the law was not clear in application, but was made clear at some point in time, the enforcement of the tax would be prospective from that point in time.

From what I have been told the department is quite heavy handed in their efforts to enforce and collect the tax. This may or may not be appropriate. Our constituent obviously thinks it is not appropriate and is very concerned about the ramifications to his business.

This should get us started. It is likely that we will have more questions. I would appreciate receiving any information you have on this subject on Monday.

Thanks!

***Larry Semmens***

**Chief of Staff to Senator Micciche  
145 Main St. Loop #226  
Kenai, AK 99611  
907-283-7996**

Hello Larry,

Please see my attached response and relevant enclosures. I apologize I couldn't get this to you yesterday. Please let me know if you have any follow up questions.

Thank you most kindly,  
Lacy

**Lacy Wilcox**

*Special Assistant  
Department of Revenue  
907.465.2301*

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**Sent:** Friday, November 29, 2013 4:32 PM  
**To:** Wilcox, Lacy J (DOR)  
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*Larry Semmens*

Chief of Staff to Senator Micciche  
145 Main St. Loop #226  
Kenai, AK 99611  
907-283-7996





THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

**Department of Revenue**

COMMISSIONER'S OFFICE  
Angela M. Rodell, Commissioner

333 Willoughby Avenue, 11<sup>th</sup> Floor  
PO Box 110400  
Juneau, Alaska 99811-0400  
Main: 907.465.2300  
Fax: 907.465.2389

December 3, 2013

Larry Semmens  
Chief of Staff to Senator Micciche  
Alaska State Legislature  
145 Main St. Loop #226  
Kenai, AK 99611

Dear Mr. Semmens:

This letter is in response to your November 29, 2013 email on vehicle rental tax. Specifically you ask if enforcement of this tax is a new department priority.

Recent actions taken by the department against various rental car companies does not reflect new procedures or interpretations by the department in implementing this tax type. We have been in contact with various rental car companies for the last several years regarding the vehicle rental tax and their responsibility under the law. The tax is required to be collected and remitted for all vehicles rented and operated "on a highway or public right-of-way in the state." This includes vehicles rented on the North Slope.

Enclosed are copies of the vehicle rental tax letters we've sent to known rental car companies beginning in November 2003. We sent similar letters/notices in 2004 and 2005. Once we identify a vehicle rental company that hasn't filed any returns, we send out a compliance letter which is specific to the company. I've attached a sample compliance letter with the taxpayer name redacted. We are unable to provide "all closed rental tax cases" due to the fact that we are required to maintain taxpayer confidentiality pursuant to AS 43.05.230 and AS 40.25.100. However, the included attachments are the types of letters we've sent to all known vehicle rental companies since the vehicle rental tax was enacted in January 2004.

Since 2004, when the vehicle rental tax was established at 10% for any passenger vehicle rentals 90 days or less (AS 43.52), we have sent the compliance letter to approximately 100 vehicle rental companies that we believed were renting vehicles, but were not filing the requisite tax returns or paying the vehicle rental tax. At the release of the 2012 Tax Annual Report there were 118 companies properly filing returns, that number includes any new taxpayers through our compliance efforts.

The Tax Division routinely reviews the business licensing database and compares this list to the Quarterly Tax Returns. When a new company is identified, the Division proactively contacts that company and informs them of the applicable tax laws. Most often, the company comes into

Mr. Larry Semmens  
December 3, 2013  
Page 2

compliance and files their Quarterly Tax return. Occasionally, the business provides information to the Tax Division indicating that the tax is not applicable to them. Historically, these businesses provide the Division copies of rental agreements showing that they only lease for 90 days or longer.

Per regulation, the tax also applies to any extensions of less than 90 days after the initial 90 day contract or any cancellations of contracts prior to 90 days (15 AAC 52.030). The intent of the legislation was to exempt long term rentals and leases from the vehicle rental tax. The regulations were written to ensure that any potential loopholes regarding the 90 day threshold were closed. For example, businesses that are truly renting vehicles for more than 90 days should have no difficulty in complying with the law and writing contracts with those terms. If someone rents a vehicle for 60 days and then comes back a month later and rents the vehicle another 60 days, we believe that these rentals are subject to the tax and meet legislative intent.

In the Department, it is our goal to get the business into voluntary compliance through education before they rise to the level of an investigation. We tend to open investigations only when all other avenues have been exhausted.

I do believe the regulations meet legislative intent and the department is appropriately enforcing our laws.

Please let me know if I can further assist.

Sincerely,



Lacy Wilcox  
Special Assistant/ PIO

Enclosures

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

### Tax Division

**Sean Parnell, Governor**

State Office Building  
PO Box 110420  
Juneau, AK 99811-0420  
907.465.2320

550 W Seventh, Suite 800  
Anchorage, AK 99501-3586  
907.269.6620

[www.tax.state.ak.us](http://www.tax.state.ak.us)

August 31, 2010

**Re: Alaska Vehicle Rental Tax Compliance**

Dear [REDACTED],

It has come to the attention of the Alaska Tax Division that [REDACTED] engages in passenger vehicle rental/leasing business activity. We have not received State of Alaska, Vehicle Rental Tax, Quarterly Tax Returns from [REDACTED]. Effective on January 1, 2004, the State of Alaska imposed a 10% excise tax on the gross fees and costs charged for the rental of a passenger vehicle if the lease or rental does not exceed a period of 90 consecutive days. I invite you to file quarterly tax returns for all tax quarters in which there was vehicle rental income.

Please visit our website at [www.tax.state.ak.us](http://www.tax.state.ak.us) for more information about the Vehicle Rental Tax. Here you will find tax forms to download and complete statutes and regulations.

If you any questions, please call me at (907) 269-1023, or Sarah Wilson at (907) 269-1017 for assistance.

Sincerely,

Jonathan Page  
Tax Auditor III  
(907) 269-1023  
(907) 269-6644 Fax

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

### Tax Division

FRANK MURKOWSKI, GOVERNOR

State Office Building  
PO Box 110420  
Juneau, AK 99811-0420

[www.tax.state.ak.us](http://www.tax.state.ak.us) website

June 13, 2005

### IMPORTANT NOTICE TO CAR AND RECREATIONAL VEHICLE RENTAL AGENCIES

#### Vehicle Rental Tax effective January 1, 2004 on passenger and recreational vehicle rentals

Effective, January, 1, 2004, the Passenger/Recreational Vehicle Rental Tax bill (CSHB 271 (FIN)(eff AM)) became law.

The law imposes a 10% excise tax on total fees and costs charged for the lease or rental of a passenger vehicle and a 3% excise tax on total fees and costs charged for the lease or rental of a recreational vehicle.

Total fees and costs charged include the following:

1. Total compensation for the lease or rental of a passenger or recreational vehicle without regard to billing practices, credit procedures, or bad debts.
2. Total compensation should not be reduced by commissions or fees charged by travel and other agents related to the leasing or rental of a passenger or recreational vehicle

Total fees and costs charged do not include:

1. Fees from the sale of automobile liability insurance, loss damage waiver insurance, and personal property insurance.
2. Parking tickets.
3. Sales and excise taxes.
4. Payment for damages to the vehicle during the rental period.
5. Concession fees paid to an airport.
6. Cancellation fees.
7. Certain adjustments made at the beginning or end of a contract such as for fuel.
8. Rental of GPS or child car seats.
9. Separately itemized charges for personal property such as pots, pans, and linens included in the rental of a recreational vehicle.

The excise tax or vehicle rental tax is not levied on a lease or rental that exceeds 90 consecutive days. Also exempt from the tax is a lease or rental of a passenger or recreational vehicle for official use to federal, state, or local government agencies. The Department of Revenue requires that the following information be provided in order for the renter to qualify for the government use exemption from the vehicle rental tax:

1. Rental/Lease Contract Number.
2. Renter's Name (person who is taking possession of the leased/rental vehicle).
3. Specific governmental agency qualifying for the exemption.
4. Governmental agency's phone number.
5. Rental agency's attest to the proof of the renter's employment or official status with a governmental agency.
6. Signature of the renter declaring under penalty of perjury that the rented car/recreational vehicle will be used for official governmental use only.

The rental agency can either use the government use exemption certificate provided by the Department of Revenue or provide the required information on the rental agency's rental/lease contract or an addendum to the contract. Completed government use exemption certificates are to be filed with the contract and retained for three years.

The rental/lease agency is required to collect the vehicle rental tax from the renter and remit to the Department of Revenue all taxes due and a Vehicle Rental Tax Quarterly Tax Return according to the schedule listed below:

**Tax Period**

1/1 - 3/31  
4/1 - 6/30  
7/1 - 9/30  
10/1 - 12/31

**Tax Return & Taxes Due**

April 30  
July 31  
October 31  
January 31

June 13, 2005  
Vehicle Rental Tax  
Page 2

The first quarter Vehicle Rental Tax Quarterly Tax Return was due on or before April 30, 2005.

We have not received your vehicle rental tax return that was due on or before April 30, 2005. Please file your return as soon as possible.

If you feel that you are not required to file a return, please fill out the enclosed questionnaire and return to the following address:

State of Alaska, Department of Revenue  
Tax Division  
550 West 7<sup>th</sup> Avenue, Suite 500  
Anchorage, AK 99501  
Attn: Sharron Laster

Enclosed with this letter are the Vehicle Rental Tax Quarterly Tax Return and Government Use Exemption Certificate. Also included are the instructions for the tax form. The forms and instructions are available on the State of Alaska's web site. The Internet address is: [www.tax.state.ak.us/forms.asp](http://www.tax.state.ak.us/forms.asp).

Please e-mail your questions to Sharron Laster at [Sharron\\_Laster@revenue.state.ak.us](mailto:Sharron_Laster@revenue.state.ak.us) or call her at (907) 269-1095.

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

### Tax Division

FRANK MURKOWSKI, GOVERNOR

State Office Building  
PO Box 110420  
Juneau, AK 99811-0420

[www.tax.state.ak.us](http://www.tax.state.ak.us) website

March 9, 2005

On November 12, 2003 and June 4, 2004 this office sent you a letter informing you that effective, January 1, 2004 the Vehicle Rental Tax bill (CSHB 271 (FIN)(efd AM) became law.

The law imposes a 10% excise tax on total fees and costs charged for the lease or rental of a passenger vehicle and a 3% excise tax on total fees and costs charged for the lease or rental of a recreational vehicle.

Total fees and costs charged include the following:

1. Total compensation for the lease or rental of a passenger or recreational vehicle without regard to billing practices, credit procedures, or bad debts.
2. Total compensation should not be reduced by commissions or fees charged by travel and other agents related to the leasing or rental of a passenger or recreational vehicle

Total fees and costs charged do not include:

1. Fees from the sale of automobile liability insurance, loss damage waiver insurance, and personal property insurance.
2. Parking tickets.
3. Sales and excise taxes.
4. Payment for damages to the vehicle during the rental period.
5. Concession fees paid to an airport.
6. Cancellation fees.
7. Certain adjustments made at the beginning or end of a contract such as for fuel.
8. Rental of GPS or child car seats.
9. Separately itemized charges for personal property such as pots, pans, and linens included in the rental of a recreational vehicle.

The excise tax or vehicle rental tax is not levied on a lease or rental that exceeds 90 consecutive days. Also exempt from the tax is a lease or rental of a passenger or recreational vehicle for official use to federal, state, or local government agencies. The Department of Revenue requires that the following information be provided in order for the renter to qualify for the government use exemption from the vehicle rental tax:

1. Rental/Lease Contract Number.
2. Renter's Name (person who is taking possession of the leased/rental vehicle).
3. Specific governmental agency qualifying for the exemption.
4. Governmental agency's phone number.
5. Rental agency's attest to the proof of the renter's employment or official status with a governmental agency.
6. Signature of the renter declaring under penalty of perjury that the rented car/recreational vehicle will be used for official governmental use only.

The rental agency can either use the government use exemption certificate provided by the Department of Revenue or provide the required information on the rental agency's rental/lease contract or an addendum to the contract. Completed government use exemption certificates are to be filed with the contract and retained for three years.

The rental/lease agency is required to collect the vehicle rental tax from the renter and remit to the Department of Revenue all taxes due and a Vehicle Rental Tax Quarterly Tax Return according to the schedule listed below:

Tax Period  
1/1 - 3/31  
4/1 - 6/30  
7/1 - 9/30  
10/1 - 12/31

Tax Return & Taxes Due  
April 30  
July 31  
October 31  
January 31

March 9, 2005  
Vehicle Rental Tax  
Page 2

The first Vehicle Rental Tax Quarterly Tax Return was due on April 30, 2004.

To date we have not received one or more quarterly vehicle rental tax returns that were due on or before April 30, 2004 and the three quarters July 31, 2004, October 31, 2004 and January 31, 2004 thereafter. Please file your returns as soon as possible.

If you feel that you are not required to file a return, please fill out the enclosed questionnaire and return to the following address:

State of Alaska, Department of Revenue  
Tax Division  
550 West 7<sup>th</sup> Avenue, Suite 500  
Anchorage, AK 99501  
Attn: Abigail Wiley

Enclosed with this letter are the Vehicle Rental Tax Quarterly Tax Return and Government Use Exemption Certificate. Also included are the instructions for the tax form. The forms and instructions are available on the State of Alaska's web site. The Internet address is: [www.tax.state.ak.us/forms.asp](http://www.tax.state.ak.us/forms.asp).

Please e-mail your questions to Abigail Wiley at [abigail\\_wiley@revenue.state.ak.us](mailto:abigail_wiley@revenue.state.ak.us) or call her at (907) 269-6630.

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

### Tax Division

FRANK MURKOWSKI, GOVERNOR

State Office Building  
PO Box 110420  
Juneau, AK 99811-0420

[www.tax.state.ak.us](http://www.tax.state.ak.us) website

June 4, 2004

### IMPORTANT NOTICE TO CAR AND RECREATIONAL VEHICLE RENTAL AGENCIES

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5. Rental agency's attest to the proof of the renter's employment or official status with a governmental agency.
6. Signature of the renter declaring under penalty of perjury that the rented car/recreational vehicle will be used for official governmental use only.

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Tax Return & Taxes Due

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June 3, 2004



**Vehicle Rental Tax  
Page 2**

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**State of Alaska, Department of Revenue  
Tax Division  
550 West 7<sup>th</sup> Avenue, Suite 500  
Anchorage, AK 99501  
Attn: Janis Hales**

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**Please e-mail your questions to Janis Hales at [janis\\_hales@revenue.state.ak.us](mailto:janis_hales@revenue.state.ak.us) or call her at (907) 269-6627.**

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

### Tax Division

FRANK MURKOWSKI, GOVERNOR

State Office Building  
PO Box 110420  
Juneau, AK 99811-0420

[www.tax.state.ak.us](http://www.tax.state.ak.us) website

November 12, 2003

### IMPORTANT NOTICE TO CAR AND RECREATIONAL VEHICLE RENTAL AGENCIES

#### Vehicle Rental Tax effective January 1, 2004 on passenger and recreational vehicle rentals

On July 18, 2003, Governor Murkowski signed the Passenger/Recreational Vehicle Rental Tax bill (CSHB 271 (FIN)(efid AM)). The law is effective January 1, 2004.

The law imposes a 10% excise tax on total fees and costs charged for the lease or rental of a passenger vehicle and a 3% excise tax on total fees and costs charged for the lease or rental of a recreational vehicle.

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1. Total compensation for the lease or rental of a passenger or recreational vehicle without regard to billing practices, credit procedures, or bad debts.
2. Total compensation should not be reduced by commissions or fees charged by travel and other agents related to the leasing or rental of a passenger or recreational vehicle

Total fees and costs charged do not include:

1. Fees from the sale of automobile liability insurance, loss damage waiver insurance, and personal property insurance.
2. Parking tickets.
3. Sales and excise taxes.
4. Payment for damages to the vehicle during the rental period.
5. Concession fees paid to an airport.
6. Cancellation fees.
7. Certain adjustments made at the beginning or end of a contract such as for fuel.
8. Rental of GPS or child car seats.
9. Separately itemized charges for personal property such as pots, pans, and linens included in the rental of a recreational vehicle.

The excise tax or vehicle rental tax is not levied on a lease or rental that exceeds 90 consecutive days. Also exempt from the tax is a lease or rental of a passenger or recreational vehicle for official use to federal, state, or local government agencies. The Department of Revenue requires that the following information be provided in order for the renter to qualify for the government use exemption from the vehicle rental tax:

1. Rental/Lease Contract Number.
2. Renter's Name (person who is taking possession of the leased/rental vehicle).
3. Specific governmental agency qualifying for the exemption.
4. Governmental agency's phone number.
5. Rental agency's attest to the proof of the renter's employment or official status with a governmental agency.
6. Signature of the renter declaring under penalty of perjury that the rented car/recreational vehicle will be used for official governmental use only.

The rental agency can either use the government use exemption certificate provided by the Department of Revenue or provide the required information on the rental agency's rental/lease contract or an addendum to the contract.

The rental/lease agency is required to collect the vehicle rental tax from the renter and remit to the Department of Revenue all taxes due and a Vehicle Rental Tax Quarterly Tax Return according to the schedule listed below:

<u>Tax Period</u>	<u>Tax Return &amp; Taxes Due</u>
1/1 - 3/31	April 30
4/1 - 6/30	July 31
7/1 - 9/30	October 31
10/1 - 12/31	January 31

The first Vehicle Rental Tax Quarterly Tax Return will be due on April 30, 2004.

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Vehicle Rental Tax  
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Enclosed with this notice are final versions of the Vehicle Rental Tax Quarterly Tax Return and Government Use Exemption Certificate. Also included are the instructions for the tax form. The forms and instructions will be available on the State of Alaska's web site on December 1, 2003. The Internet address is: [www.tax.state.ak.us/forms.asp](http://www.tax.state.ak.us/forms.asp).

Please e-mail your questions to Janis Hales at [janis\\_hales@revenue.state.ak.us](mailto:janis_hales@revenue.state.ak.us) or call her at (907) 269-6627.

YOU ARE NOW LEAVING STATE MAINTAINED ROADS  
AND ENTERING AN INDUSTRIAL AREA IN WHICH  
HEAVY EQUIPMENT WILL BE OPERATING.

USE CAUTION WHEN ENCOUNTERING HEAVY  
EQUIPMENT ON ROADWAYS AND OBEY ALL  
TRAFFIC SIGNS. ACCESS WILL AT TIMES BE  
RESTRICTED BEYOND THIS POINT.

FOR ADDITIONAL INFORMATION CONTACT  
PBU SECURITY AT 907-659-5631



