

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version: HB 90
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB090-DOR-TAX-4-02-21
Title: VEHICLE RENTALS & VEHICLE RENTAL NETWORKS
Sponsor: WOOL
Requester: (H) Labor & Commerce

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates					
			FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None	***		***	***	***	***	***	***
Total	***	0.0	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2022) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/21

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division:	Tax Division	Date:	04/02/2021
Approved By:	Brian Fechter, Administrative Services Director	Date:	04/02/21
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION

BILL NO. HB 90

Analysis

Background

Alaska currently imposes under AS 43.52 an excise tax on the lease or rental of passenger and recreational vehicles in the state if the lease or rental of the vehicle does not exceed 90 consecutive days. The rate of the tax for passenger vehicles is 10% of the total fees and costs charged for the lease or rental of the passenger vehicle. The rate of the tax for recreational vehicles is 3% of the total fees and costs charged for the lease or rental of the recreational vehicle. Current statutes provide a limited ability to enforce the tax on private vehicle rentals.

This bill would apply the current vehicle rental tax to all vehicle rentals regardless of how they are rented. This bill expands the taxpayer base of the vehicle rental tax to include online or virtual peer-to-peer vehicle rental platforms, and makes clear that private vehicle rentals are taxable when made on a peer-to-peer platform and that the platform provider would be the taxpayer. The Department of Revenue, Tax Division is aware of at least four businesses arranging vehicle rentals in the State that do so online and have not paid the vehicle rental tax. The bill would bring some additional revenue back into the general fund which has been eroded due to the creation of peer-to-peer vehicle rental platforms which do not pay the tax. These companies are arranging rentals which have historically been provided by traditional vehicle rental companies which do pay the tax. This bill would take effect immediately.

Revenue Impact

The Department of Revenue has collected an average of \$10.9 million in vehicle rental taxes over the past four years. In FY2019, the revenue from the vehicle rental tax was \$11.4 million. In FY2020, the revenue from the vehicle rental tax was \$9.7 million. This bill would expand the taxpayer base of the tax and, therefore, would have a positive effect on revenue. However, the Department of Revenue has limited data on peer-to-peer rental information in Alaska and would need to make many assumptions to come up with an estimated revenue impact. Therefore, the change in tax revenue is indeterminate.

Implementation Cost

This proposed legislation does not change the tax itself. It merely expands the taxpayers subject to it. This proposed legislation would not require the Department of Revenue to make changes to its Tax Revenue Management System (TRMS). Therefore, there would be no cost to the department for implementation. Additional review and audit work would be absorbed by existing staff.