



Alaska State Legislature

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Senate Bill 127 Sponsor Statement — Version R

"An Act relating to vehicle rental taxes; relating to the issuances of subpoenas related to tax records; and providing for an effective date."

Senate Bill 127 requires vehicle rental platform companies, such as Turo and Getaround, to collect the existing state vehicle rental tax and remit the tax to the Department of Revenue on behalf of the vehicle owners. Additionally, Senate Bill 127 revises the subpoena provisions that relate to Department of Revenue tax collections.

Under current law, there is uncertainty about whether the vehicle rental platform companies owe the existing excise tax or whether only the vehicle owner owes the excise tax. At least one prior lawsuit did not resolve this question. Senate Bill 127 resolves the question by requiring the vehicle rental platform companies to collect the excise tax from the vehicle renter and remit the excise tax to the Department of Revenue on behalf of the vehicle owner.

Senate Bill 127 was introduced at the request of the Department of Revenue. The Department informed our office that vehicle owners owe the vehicle rental excise tax under existing law, but the law requires a new section to specify that the vehicle rental platform companies are responsible for collecting and remitting the excise tax on behalf of the vehicle owners.

Senate Bill 127 is not meant to affect Alaskans that use other means to advertise their rental cars, such as Craigslist and Facebook Marketplace, because those websites do not collect any funds from the renter or coordinate details about the rental. Vehicle owners who use websites such as Craigslist and Facebook Marketplace to advertise their vehicles owe the existing excise tax on such rentals, and websites such as Craigslist and Facebook Marketplace would not have a duty to collect the excise tax under the current structure of those websites.

Under the most current version of this bill, the vehicle rental tax is lowered to 8% for vehicle rental platforms such as Turo. The tax remains at 10% for traditional rental car operations. Version R also prevents any retroactive tax collection from vehicle rental platform users.