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March 17, 2025

Members of the House Labor & Commerce Committee

RE: House Bill 123: Taxation: Vehicle Rentals

Co-Chairs Rep. Fields, Rep. Hall and Members of the House Labor & Commerce Committee

Enterprise Alaska supports HB 123 as a reasonable compromise that establishes a lower rental tax rate of 9% for passenger vehicle rentals and an even lower rate of 7% for peer-to-peer (P2P) rental transactions. In addition, SB 123 protects existing owners from paying back taxes for rentals that occurred before passage of the legislation. The compromise is reduction of an existing tax, not a new tax, on Alaskans.

The rental car market is a dynamic marketplace with all participants facing similar market realities. For example, in Alaska, neither car rental companies nor peer-to-peer car rental platforms collect and remit a state sales tax on their respective transactions because Alaska does not have a statewide sales tax. However, rental car companies currently collect and remit a statewide rental car tax and significant airport-related fees to do business at Alaska's airports. Peer-to-peer car rental platforms currently collect and remit none of these taxes or fees. This compromise legislation helps to level the playing field regarding taxes/fees on all car rental transactions.

We respectfully request that you support HB 123 as a reasonable compromise that protects and lowers taxes for Alaskans.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dixie Niemi', with a large, sweeping flourish at the end.

Dixie Niemi
VP of Finance