



THE STATE  
*of* **ALASKA**  
GOVERNOR MIKE DUNLEAVY

## Department of Revenue

### COMMISSIONER'S OFFICE

State Office Building  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
P.O. Box 110400  
Juneau, Alaska 99811-0400  
Main: 907.465.2300  
Fax: 907.465.2389

May 8, 2025

The Honorable Lyman Hoffman  
Co-Chair, Senate Finance Committee  
Alaska State Capitol, Room 518  
Juneau, AK 99801

The Honorable Donald Olson  
Co-Chair, Senate Finance Committee  
Alaska State Capitol, Room 508  
Juneau, AK 99801

The Honorable Bert Stedman  
Co-Chair, Senate Finance Committee  
Alaska State Capitol, Room 516  
Juneau, AK 99801

Dear Co-Chairs Hoffman, Olson, and Stedman,

Thank you for the opportunity to respond to the questions asked by the Senate Finance Committee during the bill hearing on Senate Bill 138 (SB 138) held May 2, 2025. Please see the questions in italics and our response immediately below the questions.

- 1. Provide a sanitized copy of letters sent to individual Vehicle Rental Taxpayers you identified were not filing and paying the tax.***

See Exhibit 1 for example of compliance letters sent to taxpayers.

- 2. How many Vehicle Rental Compliance Letters were sent?***

The Tax Division identified more than 20 letters sent to vehicle rental taxpayers using a platform.

**3. What is the total amount collected from platform users?**

Please see the table below (dollars reflected are whole dollars):

Vehicle Rental Tax Collections from Platform Hosts		
Year	Number of Taxpayers	Tax Collected
2019	19	\$15,404
2020	14	\$10,439
2021	38	\$36,202
2022	31	\$41,517
2023	14	\$22,079
2024	10	\$17,919
<b>Total Collected</b>		<b>\$143,559.58</b>

The below question was received in writing from Senator Olson's office.

**4. Please provide additional analysis on changing the tax rate from 10% to 9%.**

We can only analyze the rate change as it relates to non-platform taxpayers since that is the only data we have available to us. The estimated revenue change due to the rate reduction from 10 percent to nine percent for non-platform rentals is shown in the table below. All dollar amounts are in millions.

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2033	FY 2031
Spring 2025 VRT Forecast	\$ 16.0	\$16.4	\$16.8	\$17.2	\$17.6	\$18.1
Forecast with 9% Passenger Vehicle Tax	<u>\$ 14.44</u>	<u>\$14.80</u>	<u>\$15.17</u>	<u>\$15.55</u>	<u>\$15.94</u>	<u>\$16.34</u>
Revenue change (in millions)	\$ (1.54)	\$ (1.58)	\$ (1.62)	\$ (1.66)	\$ (1.70)	\$ (1.74)

As stated in the fiscal note, the Division does not have enough data to estimate the revenue impact of taxing vehicle rental platforms directly. However, we can state that given the estimated reductions in revenue due to the reduction in rate from 10 percent to nine percent in relation to non-platform rentals, in order for these tax changes to be revenue neutral, vehicle rental platforms would need to have a market share of just over 10 percent. We do not know what percentage of the passenger vehicle rental market the peer-to-peer rental platforms hold in Alaska but if their share is greater than 10 percent, then the total change in revenue would be positive; if they have a lesser market share then the total change in revenue would be negative.

Please let me know if I can be of further assistance.

A handwritten signature in black ink, appearing to read 'A. Crum', with a long horizontal flourish extending to the right.

Adam Crum  
Commissioner

Enclosure:      Exhibit 1 – VRT Compliance Letter

cc:                Jordan Shilling, Director, Governor's Legislative Office  
                      Lacey Sanders, Director, Office of Management and Budget



THE STATE  
of **ALASKA**

GOVERNOR MICHAEL J. DUNLEAVY

## Department of Revenue

### TAX DIVISION

550 W. Seventh Ave., Suite 500  
Anchorage, Alaska 99501-3555  
Main: 907.269.6620  
Fax: 907.269.6644

*Month Day, Year*

*Legal Name*

*Street Address*

*City, State Zip+4*

Dear *Legal Name*:

The Department of Revenue has received information that you are engaged in vehicle rental business activity. Persons who provide the rented vehicles in Alaska are required to collect and pay the tax per Alaska Statute 43.52.050(a)(1). The Department has not received Vehicle Rental Tax Quarterly Returns for *Legal Name*.

Please register to complete and submit tax returns for all tax quarters in which there was vehicle rental income no later than date of letter plus 20 days online at: **online-tax.alaska.gov**. You may request a paper return by calling the Department at the phone number below.

If you do not file the required returns, the Department will issue tax assessments after date of letter plus 20 days in accordance with AS 43.05.050 and AS 43.05.245.

Please contact the Department at 907.269.1023 or [dor.tax.vehicle@alaska.gov](mailto:dor.tax.vehicle@alaska.gov) if you have any questions.