

Draft Letter of Intent

It is the intent of the Senate Transportation Committee that the passenger vehicle rental tax described in SB 178, including the original law and the changes made by the committee substitute, should not be applied to Alaskan businesses doing business with other Alaskan businesses. The Department of Revenue (DOR) should not apply the tax retroactively to businesses it determines should be or should have been collecting the tax. However, if DOR is able to determine a business collected the tax but did not remit the tax to DOR, then DOR should charge back taxes, penalties and/or interest on those unpaid taxes.

In 2003, the legislature passed House Bill 271, a passenger vehicle rental tax intended to raise revenue from tourists renting passenger vehicles so that they could help pay for the wear and tear they inflict on the State's publically-maintained roads.

Since the passage of HB 271, AS 43.52 has been amended three times; two of which were to exempt Alaskan businesses doing business with other Alaskan businesses. The third time was to exempt motorcycles.

The intent of SB 178 is to clarify, once again, which rental vehicles are to be covered by the tax and which are not. It is the committee's intent that only passenger rental cars, as described in section 4 of CSSB 178 should be taxed under AS 43.52.010.