

ALASKA STATE LEGISLATURE

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Senator Click Bishop

CS Senate Bill 178 Sponsor Statement

In 2003, the legislature passed a rental vehicle tax intended to raise revenue from tourists using rental cars on the state's road system. The rental car companies collect the tax, from the customer, when the vehicle is rented and then submit that tax to the state.

For the first nine years of the rental vehicle tax, the Department of Revenue did not apply the tax to Alaskan companies engaged in the long-term leasing of heavy vehicles to other Alaskan businesses. In 2010, however, DOR began an attempt to collect the rental vehicle tax from Alaskan businesses who may not be involved in the visitor industry and do not rent to tourists. Some companies had long-term leases, mostly of heavier vehicles, with other Alaskan businesses.

In order to clarify the intent of the rental vehicle tax, CSSB 178 amends the statute to make it clear that the rental vehicle tax does not apply to Alaskan businesses making long-term rentals to other Alaskan businesses.

Specifically, CSSB 178:

1. Reduces from 90 days to 28 days the term of a rental that is exempt from the tax.
2. Better organizes the statute by consolidating the terms "passenger" and "recreational" into the same section.

Please join me in supporting this needed change to the passenger vehicle rental tax law.