Senate Bill 127: Frequently Asked Questions

Does Senate Bill 127 create a new tax?

No. This legislation does not create a new tax. SB 127 clarifies that vehicle rental platform companies, such as Turo and Getaround, are responsible for collecting and remitting the existing tax. The relevant statute states:

AS 43.52.010 Levy of passenger vehicle tax
There is imposed an excise tax on the charge for the lease or rental of a passenger vehicle in this state if the lease or rental of the passenger vehicle does not exceed a period of 90 consecutive days.

Does Senate Bill 127 make vehicle rental platform companies responsible for collecting and remitting the existing tax?

Yes. Under current law, the Department of Law has concluded that vehicle rental platform companies are not responsible for paying the tax, but because they operate in the state, the legislature can require that they are responsible for collecting and remitting the tax on behalf of the vehicle owner that rents a vehicle through the platform. Similarly, a vehicle rental platform company that provides a rental vehicle collects the tax from the individual renting the vehicle. The rental company in turn remits the tax to the Department of Revenue's Tax Division.

The Municipality of Anchorage (MOA) passed an ordinance in 2020 requiring vehicle rental platform companies to collect the MOA rental vehicle tax. The vehicle rental platform companies added the MOA tax to their application software ("app"), collect the tax on behalf of the vehicle owners, and remit the tax to the MOA. We are not aware of any lawsuits related to the collection of the MOA tax.

Does Senate Bill 127 change the excise tax rate for passenger vehicle rentals or recreational vehicle rentals?

No. The legislature set these excise tax rates in 2003. The tax became effective January 1, 2004. For passenger vehicles, the rate is 10% of the total fees and costs for renting or leasing. For recreational vehicles, the rate is 3% of the total fees and costs for renting or leasing.