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HB123\Ver. A

"An Act relating to vehicle rental taxes; relating to the issuance of subpoenas related to tax records; and providing for an effective date."

Sponsor Statement

HB 123 fixes Alaska's broken vehicle rental tax system with a smarter, fairer approach. The state's 10% excise tax on passenger vehicle rentals—including Turo rentals—has sparked confusion and legal battles, leaving everyday Alaskan hosts to fend for themselves while platforms like Turo avoid collection duties. Last year, Senate Bill 127 tried to clarify this by requiring platforms to collect an 8% tax and remit it to the Department of Revenue, while shielding hosts from retroactive penalties. It passed with bipartisan support, but Governor Dunleavy vetoed it, leaving the issues unresolved. HB 123 steps in with a better plan.

This bill cuts the tax from 10% to 9% for all passenger vehicle rentals and cuts it even further to 7% for other vehicle rental platform companies such as Turo and Getaround—lower rates than SB 127's 8%, delivering bigger savings for renters and businesses. It protects vehicle rental platform company hosts by blocking the Department of Revenue from chasing back taxes on pre-bill rentals, ending unfair enforcement like bank garnishments. Vehicle rental platforms must now collect and remit the tax, streamlining the process without burdening non-platform rentals like those on Craigslist or Facebook Marketplace.

HB 123 resolves the legal gray area that has pitted the state against platforms such as Turo and Getaround, aligns state and local taxes—like Anchorage's 8%—for consistency, and supports Alaskans earning extra income. It's a practical reboot of SB 127's intent, with lower taxes, less red tape, and real relief. This is a win for affordability, competition, and fairness—a system built for Alaska's future.