

**HB**

**347**

**HFIN**

**FILE**

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*Failed 3-6*

23-LS1311D.7  
Kurtz  
1/29/04

AMENDMENT 1

OFFERED IN THE HOUSE  
TO: HB 347

BY REPRESENTATIVE *CROFT*

- 1 Page 1, line 1, following "tax":
- 2       Insert "and amending the definitions of 'commercial motor vehicle' and 'motor
- 3 vehicle' as they apply to that tax"
- 4
- 5 Page 1, line 6:
- 6       Delete "AS 28.40.100"
- 7       Insert "AS 19.10.399(8) [AS 28.40.100]"
- 8
- 9 Page 1, line 9:
- 10       Delete "AS 28.40.100"
- 11       Insert "AS 19.10.399(1) [AS 28.40.100]"
- 12
- 13 Page 2, line 7, following "the rental of taxicabs":
- 14       Insert "and other rentals that are exempt from the passenger vehicle rental tax because
- 15 of the amendments to AS 43.52.099(2) made by sec. 1 of this Act for rentals made"

Amend 2-9

23-LS1311\D.6  
Kurtz  
1/29/04

AMENDMENT 2

OFFERED IN THE HOUSE

BY REPRESENTATIVE

TO: HB 347

1 Page 1, line 1, following "taxicabs":

2 Insert "and certain other motor vehicles"

3

4 Page 2, line 2:

5 Delete "or"

6

7 Page 2, line 3, following "taxicab:"

8 Insert "or

9

10 (r) a motor vehicle that is designed primarily to transport  
11 personal property, that is used upon a highway or vehicular way, and that  
12 has a gross vehicle weight rating or gross combination weight rating  
13 greater than 10,000 pounds;

14 Page 2, line 7, following "taxicabs":

15 Insert "and other rentals that are exempt from the passenger vehicle rental tax because  
16 of the amendments to AS 43.52.099(2) made by sec. 1 of this Act for rentals made"

# ALASKA TRUCKING ASSOCIATION, INC.

3443 Minnesota Drive • Anchorage, Alaska 99503 • PHONE (907) 276-1149 • FAX (907) 274-1946

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January 29, 2004

RE: HB 347

Finance Committee Members:

It has been brought to my attention that HB 271, which passed last session, may have some unintended consequences in its language. In a definition that the bill uses for a Commercial Motor Vehicle in AS 28.40.100 it states that all vehicles over 26,000lbs are exempt from this user fee. As the definition appears, it never makes mention that the vehicle must be used in commerce. Unfortunately, large portions of the rental trailers, trucks, equipment are in the 10,001 to 26,000lb range are subject to this user fee.

In AS 19.10.399 Commercial Motor Vehicles are defined as weighing greater than 10,000 lbs and *used for commerce*. An example of these vehicles would be produce delivery trucks, lumbar trucks, furniture delivery trucks and most large courier vehicles. The Alaska Department of Revenue estimated that this tax would only bring \$50,000 of taxes revenue into the state and it would be contributed by the smallest companies. Large companies are able to change out broken machines; small companies are forced to rent them.

I hope you would consider adopting this revision to prevent taxing small transportation companies who are forced rent trucks/trailers for intermittent use to haul freight through our state. I appreciate your consideration.

Sincerely,

Alaska Trucking Association



Michael Bell  
Director



# Alaska State Legislature

*Session: (Jan-May)*  
State Capitol, Room 208  
Juneau, AK 99801-1182  
(907) 465-3777  
Fax (907) 465-2819

*Intern: (June Dec)*  
716 West 4th Avenue, Suite 600  
Anchorage, AK 99501-2133  
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## **Pete Kott** Speaker of the House

### **Sponsor Statement**

#### **HB 347**

**“An Act exempting taxicabs from the passenger vehicle rental tax; and providing for an effective date.”**

House Bill 347 has been introduced specifically to exclude a taxicab from the definition of “passenger vehicle” in statute, thereby exempting taxicab rentals from the vehicle rental tax.

Last year, HB 271 was passed with the intent to levying excise taxes on the rental of passenger and recreational vehicles usable on highways and vehicular ways. This imposed a substantial and confusing burden on owner-lessors of taxicabs who would be required to collect from the taxicab drivers. This was a technical and unintended application of the Vehicle Rental Tax to commercial taxicab lease transactions.

I respectfully request your support of this legislation.



# Alaska State Legislature

Please enter into the record my testimony to the HOUSE FINANCE  
committee name

Committee on HB 347 Date, JANUARY 29, 2004  
bill # / subject

I am opposed to HB 347 because this bill is in favor of taxi drivers, at the expense of all other people in Alaska that are paying taxes on rental vehicles. Anyone who is driving on the roads, paid for by our tax dollars, need to pay their share of the expenses to maintain our roads. Including rental vehicles !

Taxi drivers should not be excluded from the vehicle rental tax, it's unfair to anyone who goes into car rental agencies and pays a fee to rent a vehicle. Taxicabs drive many miles on our roads; this is why they should pay the rental tax like any other rental vehicle. We have a rental tax so that wear and tear caused by rental vehicles when they are using our roads is compensated. Vehicle rental tax is helping to support road maintenance. Otherwise Alaskan resident's would be subsidizing tourists who rent a vehicle, and also taxi cabs, to be using our roads, without having to pay their fair share for the road's maintenance. We have enough of a time paying for road repair, don't expect Alaskan's to subsidize a small group of taxi driver's who should be paying their share of the maintenance costs since they are using our roads. Allowing HB 347 to pass will "open the door" for every car rental agency in Alaska to want exemptions from the rental tax and this will cause Alaskan tax payers an increase in road taxes.

**VOTE NO ON HB 347 BECAUSE ITS SPECIAL INTEREST LEGISLATION THAT BENEFITS ONLY A SMALL MINORITY, AT THE EXPENSE OF THE MAJORITY – PRIVATE CITIZENS WILL PAY BY AN INCREASE IN THEIR ROAD TAXES TO MAKE UP FOR THE LOSS OF REVENUE CAUSED IF THERE IS A TAX BREAKS FOR TAXI CAB DRIVERS. VOTE NO ON HB 347.**

Signed: LAURIE CHURCHILL  
Testifier

SELF  
Representing (optional)

PO BOX 7043 NIKISKI. AK 99635  
Address

907-776-3499  
Phone number

**U-HAUL CO. OF ALASKA**

4751 OLD SEWARD HIGHWAY • ANCHORAGE, ALASKA 99502-7417 • PHONE: (907) 562-2735 • FAX: (907) 561-0466

February 2, 2004

Speaker Pete Kott  
State Capital, Room 208  
Juneau, AK 99001-1182

Dear Speaker Kott,

My name is John Norris. I am President of the U-Haul Co. of Alaska.

I apologize for not contacting you sooner regarding H.B. #271, legislation you sponsored that passed last year. Every news source including your website indicates the 10% tax would apply only to passenger rental cars rented by out-of-state tourists visiting Alaska. I was shocked to find out that the 10% passenger vehicle rental tax would apply to do-it-yourself rental trucks that Alaskan citizens use to move their own personal household goods.

Our U-Haul trucks are rented by local citizens to move themselves. Many of these citizens can not afford a commercial mover. Very few of people, if any, fly into Alaska for vacation or work and then rent a U-Haul truck. Therefore, the burden of this tax falls directly upon the citizens of Alaska.

When I realized that under Alaska Law any vehicle under 26,000 lb. was considered a passenger vehicle I immediately contacted your office to ask for an amendment to correct the situation. Our trade association TRALA (Truck Renting and Leasing Association) also wrote and called your office asking for an amendment to correct the earlier legislation.

During this time one of our U-Haul Dealers contacted his Senator, Lydia Green, regarding the meaning of H.B. #271. He was told by her office that the law did not pertain to trucks. Since the Alaska Revenue Dept. had told our Tax Department it did pertain to trucks we talked to a staff person in Senator Green's office, who said Senator Green said it did not pertain to trucks. She volunteered to call your office to confirm her understanding. Your office confirmed that H.B. #271 was not intended to pertain to trucks. We felt certain at this time that H.B. #271 would be amended to correct the situation.

*Moving Made Easier*

When you introduced H.B. #347, legislation that would exempt taxi cabs from the passenger vehicle rental tax because they were unintentionally affected, I assumed that since rental trucks met the same criteria, that you would also add an exemption for rental trucks over 10,000 lbs. designed to transport property. An amendment to do that was presented to the House Finance Committee Friday, January 30<sup>th</sup>, and was defeated on a 8 to 2 vote. Needless to say I was very surprised and disappointed by this outcome.

I sincerely request your help in passing amendment language that would remove trucks greater than 10,000 pounds from such a burdensome law intended for passenger vehicles and out-of-state citizens.

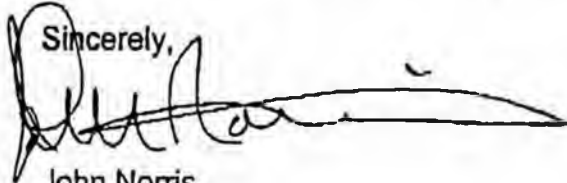
We have been good corporate citizens in Alaska for many years. In fact, we were not only the first, but the only do-it-yourself rental truck company to offer one-way truck rentals into and out of Alaska. Many citizens of Alaska would not have been able to move to Alaska if we had not provided the service. Even today, no other company is offering this service.

Listed below are some facts and figures regarding my company:

Current truck license and registration: \$36,180.  
Total payroll: \$1,047,450  
Property Tax: \$140,000  
Company run centers: 3  
Company run shops: 1  
Independent Dealers: 47  
Local, Municipal, and Borough Tax: \$42,000  
Income Tax: \$19,779  
Payroll unemployment tax: 58

Thanks in advance for your help. If you need information or if I can help in any way please contact me: Telephone (907) 562-0612, mobile (907) 229-0401, email: John\_Norris @ uhaul.com; fax (907) 561-0466, home (907) 345-4972.

Sincerely,



John Norris  
President

JN/sh



# FISCAL NOTE

HB347-DOR-TAX-01-16-04

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction):	Dept. Affected: <u>Revenue</u>
Title: <u>Exempt Taxis from Vehicle Rental Tax</u>	RDU: <u>Revenue Programs &amp; Services</u>
Sponsor: <u>Representative Kott</u>	Component: <u>Tax Division</u>
Requester: <u>House Finance</u>	Component No.: <u>2476</u>

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

**Exempt Taxis from Vehicle Rental Tax - Bill Analysis (January 16, 2004)**

**Bill Language:** This bill will specifically exempt taxi cab operators who rent or lease their taxi cabs to taxi cab drivers from the vehicle rental tax. When the vehicle rental tax was initially proposed, the Department of Revenue's projected revenue amount of \$1 million in 2004 and \$6 million in fiscal years thereafter did not include revenues from the rent or lease of taxi cabs. Therefore, if taxi cab rentals and leases are exempted from the vehicle rental tax, there will be no change in the projected vehicle rental tax revenues as originally estimated by the Department.

Prepared by: <u>Johanna Bales</u>	Phone: <u>269-6628</u>
Division: <u>Tax Division</u>	Date/Time: <u>1/16/04 1:30 PM</u>
Approved by: <u>Steve Porter, Deputy Commissioner</u>	Date: <u>1/16/2004</u>
Agency: <u>Department of Revenue</u>	

**Estimated Yearly Truck Rental Revenues in Alaska  
Rented for Under 91 Days**

Prepared by the Department of Revenue 1/28/04

<u>Rental Company</u>	<u># Trucks under 10,000 qvwr</u>	<u># Trucks between 10,000 &amp; 26,000 qvwr*</u>	<u>Approximate Daily Rate</u>	<u>Est. Rental Days/Year</u>	<u>Estimated Revenue</u>	<u>Vehicle Rental Tax Rate</u>	<u>Tax Revenue</u>
Company 1 (See Note 1)	600		\$50	274	\$8,220,000	10%	\$822,000
Company 2		10	\$100	365	\$365,000	10%	\$36,500
Company 3		1	\$75	90	\$6,750	10%	\$675
Company 4		1	\$100	182	\$18,200	10%	\$1,820
Company 5		2	\$250	182	\$91,000	10%	\$9,100
Other Non Commercial Truck Rental Companies					\$3,588,000	10%	\$358,800
					<u>\$12,288,950</u>		<u>\$1,228,895</u>

Note 1: Company 1 has recently decided to get out of the leasing business because of the administrative burden caused by the Vehicle Rental Tax. It is the largest rental business of commercial vehicles on the North Slope. The trucks are rented out of a "pool" and the lease periods are usually under 91 days, but over 30 days.