

**HB**

**1999**

Rec'd 3/31  
2:55 pm

# ALASKA STATE LEGISLATURE

*Chair:*  
Legislative Council

*Member:*  
Community and Regional Affairs  
Judiciary  
Labor and Commerce – Vice Chair



*Session:*  
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Juneau, AK 99801-1182  
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## REPRESENTATIVE PETE KOTT DISTRICT 17 – EAGLE RIVER

### Memorandum

To: Representative Carl Gatto – Co-chair House Transportation Committee

From: Representative Pete Kott *Pete*

Date: March 31, 2005

Re: HB 199 – “An act excluding certain trucks from the definition of ‘passenger vehicle’ for purposes of the passenger vehicle rental tax; and providing for an effective date”

Representative Gatto, *Carl*

I respectfully request that HB 199 be scheduled for a hearing in the House Transportation Committee at your earliest convenience.

Thank you for your consideration.

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## REPRESENTATIVE PETE KOTT DISTRICT 17 - EAGLE RIVER

### Sponsor Statement for House Bill 199

In 2003 the Alaska State Legislature passed HB 271 as a tourism-based tax on passenger rental cars and recreational vehicles. The purpose of the tax was to tax visitors using our road system, not local citizens. However, House Bill 271 has negatively impacted Alaska citizens needing to move, our local independent outlets, and the consumer truck rental business overall. The Department of Revenue has assessed the tourism-based tax on all rental vehicles, including trucks less than 26,001 pounds. This interpretation of the law results in the 10 percent tax being applied to Alaska businesses and citizens renting trucks. The 10% state tax, along with the local municipal and city taxes, adds considerably to the total rental fee.

In 2004 HB 347 was introduced to correct the unintended consequence created by HB 271 and provided an exemption for taxicabs. This corrective legislative passed and was signed into law.

Now in 2005 House Bill 199 is introduced to correct another unintended consequence by adding removing "rental trucks". This legislation would ensure that the tax applies more specifically to the intended target of visitors renting passenger vehicles and recreational vehicles, rather than the unintended target of Alaska businesses and citizens who rely on truck rentals for the continued flow of commerce and movement of household goods.

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 199  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Exclude certain trucks from RDU Taxation and Treasury  
vehicle rental tax Component Tax  
 Sponsor Representative Kott  
 Requester Representative Kott Component No. 2476

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

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
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>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>(275.0)</b>	<b>(275.0)</b>	<b>(275.0)</b>	<b>(275.0)</b>	<b>(275.0)</b>	<b>(275.0)</b>
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**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
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 (FY2005) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary.)  
**Bill Language:** This bill will exempt trucks with a gross vehicle weight rating greater than 8,500 pounds and used or maintained primarily for the transportation of personal property from the vehicle rental tax. The intent of this bill is to exempt trucks rented by individuals to move their personal property from the vehicle rental tax.  
**Revenue:** Currently, rental trucks are subject to the vehicle rental tax. Exempting rental trucks from the vehicle rental tax will result in a decrease in vehicle rental tax revenue of approximately \$250,000 to \$300,000 each fiscal year.

Prepared by: Johanna Baies Phone 269-6628  
 Division: Tax Division Date/Time 4/8/05 10:21 AM  
 Approved by: Jerry Burnett Date 4/8/2005  
 Agency: Department of Revenue