

# ALASKA STATE LEGISLATURE

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## 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.