



MUNICIPALITY OF ANCHORAGE

Finance Dep't., Treasury Div.
Fax: (907) 343-6677

Mailing Address
P.O. Box 196650
Anchorage, AK 99519-6650

Physical Address
632 W. 6th Avenue, 3rd Floor
Anchorage, AK 99501

AMC 12.45 – RENTAL VEHICLE TAX INFORMATIONAL #9 Tax on Long-term Motor Vehicle Rentals

Issue date: May 3, 2001

The language of AMC Chapter 12.45 expresses legislative intent to limit the tax imposed by this code. The tax limitation is based on dollar constraints as well as time constraints for the rental period subject to tax. For rented passenger cars, the maximum tax that can be collected during the first 30 consecutive days under a single rental contract is \$120. For all other types of rented motor vehicles, as defined by AMC 12.45.010, the maximum tax that can be collected during the first 30 consecutive days under a single rental contract is \$240. Subsequent to the first 30 consecutive days under a single rental contract for any motor vehicle, the tax limitation intent is achieved through recognition of tax-exempt status for the remainder of the rental period.

AMC 12.45.040A.3. states that fees and costs for the rental of a motor vehicle subsequent to the first 30 consecutive days under a single contract are exempt from the tax. **The Department interprets this to mean that the period of time subject to the tax imposed by AMC Chapter 12.45 on a person renting a motor vehicle is limited to the first thirty days of an uninterrupted period of time that the motor vehicle is rented to that person.** Over time, it has come to our attention that long-standing and rather uniform practices within the rental vehicle industry include documenting the rental of a motor vehicle in thirty-day increments. The Department's position is that the period of time a motor vehicle is rented may be documented with more than one rental contract, but the entire rental period must consist of consecutive days.

The following factors are evidence that a rental transaction is tax-exempt for all but the first 30 consecutive days:

1. A rental contract, or sequence of rental contracts, document that a motor vehicle has been rented to a person for an uninterrupted period of more than thirty consecutive days;
2. the renter has possession of, or is responsible for, the operation of the rented motor vehicle for an uninterrupted period of more than thirty consecutive days;
3. fees and costs for the rented motor vehicle have been paid, or will be paid, by the same person for the complete duration of the rental period;
4. the rental rate remains consistent during the term of possession of the motor vehicle by the renter; and
5. facts and circumstances of the rental transaction are consistent with a long-term rental transaction by the rental agency.

Please note that pursuant to AMC 12.45.150B, it shall be the responsibility of each rental agency to obtain and preserve sufficient evidence to support all claimed exemptions from the rental vehicle tax. If you have any questions about this matter, please contact the Treasury Division of the Municipality of Anchorage at the numbers listed below between 8:00AM and 5:00PM Monday through Friday, except on holidays.

For more information, please visit our website at: www.muni.org/treasury and click the "Rental Vehicle Tax" link, or contact:
Supervisor (907) 343-6965 Enforcement Officers (907) 343-6964 or 6676 Assistants (907) 343-6686 or 6967