



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM 298-2020

Meeting Date: June 2, 2020

From: MAYOR

Subject: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 12.45, RENTAL TAX ON RENTAL OF MOTOR VEHICLES, TO REMOVE THE MAXIMUM TAX COLLECTED ON THE RENTAL OF PASSENGER CARS, VANS, TRUCKS, AND RECREATIONAL VEHICLES WITHIN THE 30-DAY PERIOD; TO ESTABLISH THE DUTIES AND RESPONSIBILITIES OF A RENTAL VEHICLE HOSTING PLATFORM; AND TO ESTABLISH THE RULES AND RESPONSIBILITIES OF RENTAL AGENCIES WHO USE A HOSTING PLATFORM TO CONDUCT MOTOR VEHICLE RENTAL TRANSACTIONS.

In recent years, the online peer-to-peer marketplace has expanded to include rental vehicle hosting platforms, such as Turo, Outdoorsy, RVshare and Getaround, which provide an online marketplace for people to rent vehicles either from individuals or rental agencies. However, these hosting platforms were not typically registered with the local taxing authority to assess, collect, and remit applicable vehicle rental taxes on these transactions, and the taxing authorities generally lacked the authority to enforce their jurisdictional requirements.

This recently changed, however, because of the United States Supreme Court decision in *South Dakota v. Wayfair, Inc.*, where the Court held that a physical presence in a taxing jurisdiction is no longer required for an entity to have a substantial nexus with a jurisdiction. Thus, local and state taxing authorities now have the authority to require online hosting platforms to remit local taxes.

The proposed ordinance establishes the rules and responsibilities of rental vehicle hosting platforms, and it requires all hosting platforms to register, collect, and remit vehicle rental tax on behalf of rental agencies, which includes individuals, using a hosting platform to list their vehicles for rent. This helps to remove the disparity between properly registered rental agencies that submit vehicle rental taxes and those falling under radar. These new requirements for rental vehicle platforms mirror the changes made to AMC 12.20 for room tax hosting platforms. The proposed ordinance also eliminates the maximum tax cap of \$120 on passenger cars and \$240 on vans, trucks, and recreational vehicles within the first 30-day rental period, consistent with practices by other jurisdictions.

Treasury estimates that rental vehicle tax revenue will generate an annualized increase of \$760,000, post COVID-19, because of these changes and continue to increase approximately 5% thereafter. This additional revenue will directly offset property taxes and help fund essential city services, while having a negligible effect on administrative costs.

THE ADMINISTRATION RECOMMENDS APPROVAL.

Prepared by:	Daniel Moore, Municipal Treasurer
Approved by:	Alexander Slivka, CFO
Concur:	Lance Wilber, Director, Office of Management and Budget
Concur:	Kathryn R. Vogel, Municipal Attorney
Concur:	William D. Falsey, Municipal Manager
Respectfully submitted:	Ethan A. Berkowitz, Mayor