

MUNICIPALITY OF ANCHORAGE

Summary of Economic Effects -- General Government

AO Number: 2020-55

Title: **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.**

Sponsor: **MAYOR**
 Preparing Agency: **FINANCE/TREASURY**
 Others Impacted:

CHANGES IN EXPENDITURES AND REVENUES:		(In Thousands of Dollars)			
	FY20	FY21	FY22	FY23	FY24
Operating Expenditures					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions					
4000 Debt Service					
TOTAL DIRECT COSTS:	\$ -	\$ -	\$ -	\$ -	\$ -
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES:	\$ 100	\$ 520	\$ 780	\$ 820	\$ 860
CAPITAL:					
POSITIONS: FT/PT and Temp					

PUBLIC SECTOR ECONOMIC EFFECTS:

This ordinance provides a more efficient process for collecting rental vehicle rental tax, due to streamlining the remittance and reporting requirements of hosting platforms. These changes are expected to generate additional tax revenue due to capturing the online market share that previously fell under the radar. Treasury's labor costs are not expected to increase. Requiring hosting platforms to register with Treasury is expect to capture as many as forty unregistered rental agencies, which include individuals, that have been non-compliant with AMC 12.45 and, consequently, are not remitting vehicle rental tax.

The changes from this ordinance are expected to generate an additional \$10,000 in revenue for transactions conducted through hosting platforms, and an additional \$90,000 from removal of the maximum tax, for the last four months of 2020 with a September 1, 2020 start date. In 2021, which will be the first full calendar year of these changes, an estimated additional \$520,000 is expected.

PRIVATE SECTOR ECONOMIC EFFECTS:

This ordinance should simplify the administrative requirements for rental agencies because there is no change to the overall tax rate of 8%, but there will no longer be a requirement to track the maximum tax charged within the first 30 days of the rental transaction. Further, rental agencies who exclusively use registered hosting platforms will no longer be required to manage the tax collection and remittance processes of transactions conducted through the hosting platform.