AO 2020-55
MOTOR VEHICLE RENTAL TAX
Caps off? Not so fast …

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“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.”

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.
Section 2. Anchorage Municipal Code section 12.45.020 is hereby amended to read as follows (the remainder of the section is not affected and therefore not set out):

12.45.020   Motor vehicle rental tax.

A. A tax of eight percent of the total fees and costs charged for the rental of a motor vehicle (“vehicle rental tax”) is hereby levied on the first thirty (30) day period of the retail rental of motor vehicles within the Municipality. PROVIDED THAT THE MAXIMUM TAX THAT MAY BE COLLECTED ON PASSENGER CARS WITHIN THE 30-DAY PERIOD SHALL NOT EXCEED $120.00, AND THE MAXIMUM TAX THAT MAY BE COLLECTED ON VANS, TRUCKS, AND RECREATIONAL VEHICLES WITHIN THE 30-DAY PERIOD SHALL NOT EXCEED $240.00.

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(AO No. 2000-45, § 1, 2-15-00; AO No. 2000-116(S), § 2, 7-18-00)
Charter:

Section 14.01. - Taxing authority.

... (b) Unless otherwise provided in this Charter, no sales tax ordinance is valid until ratified by three-fifths (3/5) of those voting on the question at a regular or special election, except the tax imposed by Charter § 14.05 shall be effective if approved by a majority (50%+ one) of the qualified voters voting on the question.
AO 2000-45, As Amended

- A short ordinance with a few new provisions necessary to levy the tax, the salient section:

12.45.010 Vehicle Rental Tax

A. A tax of eight percent (8%) of the total fees and costs charged for the rental of a motor vehicle ("vehicle rental tax") is hereby levied on the retail rental of motor vehicles within the Municipality, provided that the maximum tax that may be collected on passenger cars within the thirty (30) day period shall not exceed $120.00, and the maximum tax that may be collected on vans, trucks, and recreational vehicles within the thirty (30) day period shall not exceed $240.00.
Can the Max Tax Cap be removed by Ordinance?

  - 1964 voter authorization of a sales tax “of up to three percent”
  - tax rate was decreased to 2% by the Borough in 1975, without voter ratification
  - Ordinance 9 increased the Borough sales tax from 2% to 3% without ratification by the voters.
  - Held: the Borough had a “right” to impose a sales tax at a levy of 3% as approved by the voters, therefore it did not need voter approval to increase from 2% to 3%

- Reliance on a California case, quoting:
  - “[A] local taxing entity can enforce less of a local tax than is due under a voter-approved methodology, or a grandfathered methodology, and later enforce the full amount of the local tax due under that methodology without transgressing [the voter approval proposition].... **The evil to be counteracted is the increase of local taxes beyond what was formerly approved.**”
NO.

Voters approved “shall not exceed” amounts of tax within a 30-day period

Without Voter approval, to collect more per rental of up to 30 days is EVIL