

Rental Car Sales Tax

Revenue Description

The 4% sales tax is imposed on the base rental charge for rental vehicles. The base rental charge includes use charges for time and mileage, insurance, accessory equipment, and charges for additional or underage drivers. It does not include price discounts, charges for operating an airport concession, motor fuel, intercity drop charges, and government taxes. Rental vehicles include are light vehicles, motorcycles, motor-driven cycles, quadricycles, motorboats and sailboats, and off-highway vehicles. Sales to the U.S. government are exempt from the sales tax. Vendors are allowed to claim 5% of the tax as an allowance, up to \$1,000 per quarter.

Statutory Reference

Tax Rate – [15-68-102\(1b\), MCA](#)

Tax Distribution – [15-68-820, MCA](#)

Date Due – Before the last day of the month following the calendar quarter ([15-68-502\(1\), MCA](#))

Applicable Tax Rates: A 4% sales tax is imposed on the base rental charge for rental vehicles.

Collection Frequency: Quarterly

Distribution: All proceeds are deposited into the general fund.

Comparison of Legislative and Executive Forecasts

The legislative forecast is based on Montana retail sales, while the executive forecast is based on U.S. personal income estimates.

Rental Car Sales Tax (\$ Millions)				
	FY 2015	FY 2016	FY 2017	Total
Executive Forecast	\$3.700	\$3.880	\$4.080	\$11.660
Legislative Forecast	3.749	3.896	4.071	11.716
Difference	(\$0.049)	(\$0.016)	\$0.009	(\$0.056)
% Difference	-1.3%	-0.4%	0.2%	-0.5%

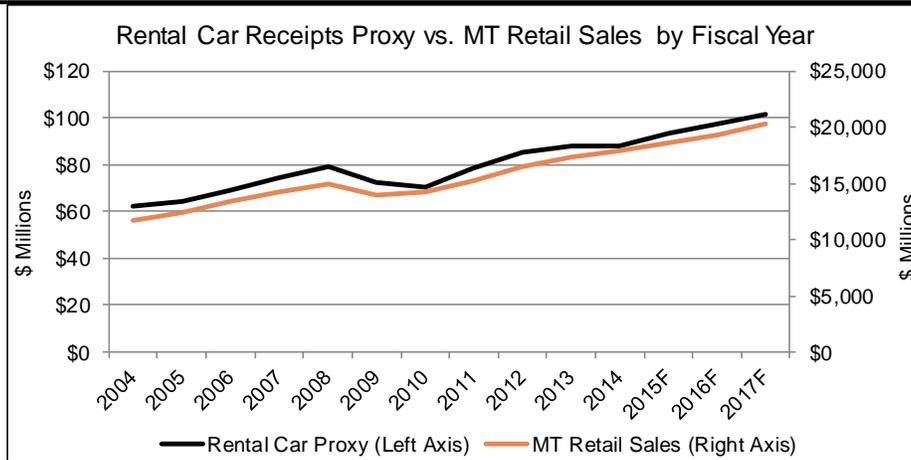
Forecast Risks

- Changing outlook for Montana retail sales

Revenue Estimate Methodology

Data

The estimate for this source is based on historical collection data from SABHRS, and historical and forecast Montana retail sales from IHS.



Analysis

A proxy of rental car receipts is made by dividing historic tax receipts by the current tax rate. Future proxy values are modeled on Montana retail sales and then multiplied by the applicable tax rate to obtain projected tax revenues.

Revenue Estimate Assumptions

FY	Total Tax \$ Millions	GF Tax \$ Millions	Proxy Sales \$ Millions	MT Retail Sales \$ Millions
A 2002	\$0.000	\$0.000	\$0.000	\$0.000
A 2003	-	-	-	-
A 2004	2.486	2.486	62.150	11,665
A 2005	2.566	2.566	64.139	12,481
A 2006	2.755	2.755	68.877	13,458
A 2007	2.976	2.976	74.406	14,256
A 2008	3.157	3.157	78.931	14,973
A 2009	2.904	2.904	72.609	13,957
A 2010	2.807	2.807	70.185	14,212
A 2011	3.149	3.149	78.730	15,249
A 2012	3.420	3.420	85.494	16,485
A 2013	3.523	3.523	88.080	17,303
A 2014	3.521	3.521	88.033	17,857
F 2015	3.749	3.749	93.737	18,615
F 2016	3.896	3.896	97.404	19,403
F 2017	4.071	4.071	101.765	20,340

