

## 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.

### Summary of Legislative Action

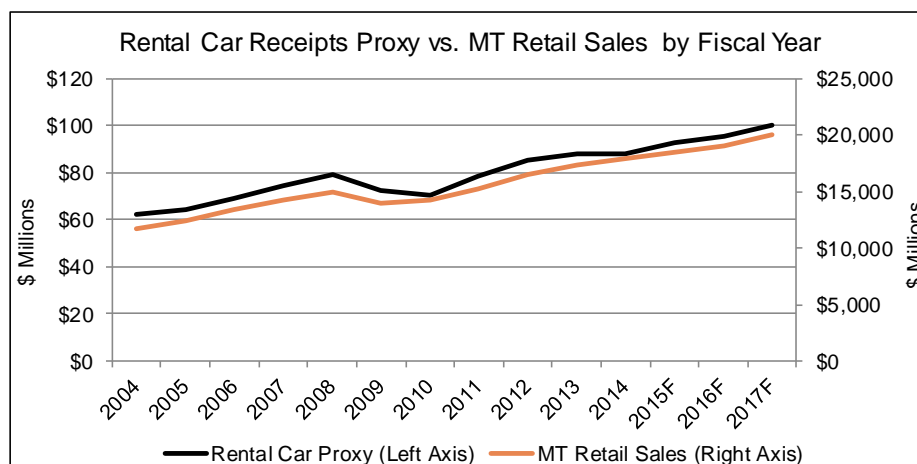
[Senate Bill 180](#) – This legislation increases and changes the source of funding for the senior citizen and persons with disabilities transportation services fund, from motor vehicle fee and taxes to 25% of the revenue generated by the state rental vehicle sales tax.

Rental Car Sales Tax – Legislation Passed by 64th Legislature General Fund Impact (\$ Millions)			
Bill Number and Short Title	FY 2015	FY 2016	FY 2017
SB0180 Revise the disposition of rental car sales tax	-	(\$0.332)	(\$0.704)
Total General Fund Impact	-	(\$0.332)	(\$0.704)

### 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**

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2015 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Proxy Sales \$ Millions	MT Retail Sales \$ Millions
A 2002	-	-	-	-
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	17,890
F 2015	3.714	3.714	92.838	18,437
F 2016	3.818	3.818	95.453	19,000
F 2017	4.012	4.012	100.301	20,046

**Revenue Projection**