



# CITY OF SAINT PAUL

## ALASKA

### MEMORANDUM TO COUNCIL

**TO:** Mayor and City Council Members

**FROM:** Phillip A. Zavadil, City Manager

**CC:** Aubrey Wegeleben, City Clerk; Stephanie Mandregan, Finance Director

**DATE:** November 7, 2023

**RE:** Ordinance 23-07 – Amending City Code of Ordinances by Adding Title 4 – Revenue and Finance, Chapter 4.35 – Rental Tax on Rental of Motor Vehicles

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**SUMMARY:** Ordinance 23-07 approves amending City Code of Ordinances by adding Title 4 – Revenue and Finance, Chapter 4.35 – Rental Tax on Rental of Motor Vehicles

**PREVIOUS COUNCIL ACTION:** Council approved the first reading of this ordinance on November 2, 2023.

**BACKGROUND AND DISCUSSION:** The following changes were made to this ordinance since the meeting on November 2, 2023:

- Added the following definitions:
  - “Saint Paul Island resident” means a person who lives on Saint Paul Island, Alaska permanently meaning at least nine (9) or months out of the year.
  - “Saint Paul Island resident business entity” means a business that only operates on Saint Paul Island, Alaska and does not engage either directly, or through an affiliated entity or individual, in vehicle rental activities outside of Saint Paul Island.
- 4.35.040(a)(4) added Fees and costs paid for the rental of a vehicle by a Saint Paul Island resident; or
- 4.35.040(a)(5) added Fees and costs paid for the rental of a vehicle by a Saint Paul Island resident business entity;
- 4.35.070(b) deleted Exemptions. ¶The following rules apply to exemptions from subsection (a). Branded hosting platforms used exclusively for a particular rental car brand and its affiliates are exempt from registration. Tour companies, travel booking agents, and wholesale vehicle rental agencies are exempt from vehicle rental tax collection and remittance to the department for each vehicle rental transaction meeting the following

criteria: The rental of vehicles at an individual rental agency with 25 or more vehicles that is properly registered with the city, per the Treasury Division's online published list of registered rental agencies; and Collection of vehicle rental tax and payment of funds to the registered rental agency, either through direct transfer or subsequent billing from the registered rental agency. Any hosting platform subject to subsection (a). that is wholly involved in vehicle rental transactions covered by this subsection (a)(1) shall not be required to register, collect, and remit vehicle rental tax to the department.

**ALTERNATIVES** Council could choose not to approve this ordinance thereby not sending the new tax to a vote of the public.

**FINANCIAL IMPLICATIONS:** The MuniRevs system that the City uses to collect and track sales tax will need to be updated. The cost to implement changes to MuniRevs to include this new tax estimated to be. The City could receive an estimated \$2,500 to \$5,000 in new tax revenue.

**LEGAL:** The City's general legal counsel has reviewed and provided recommended changes to the enacting ordinance and coded ordinance.

**ADMINISTRATION COMMENTS AND RECOMMENDATION:** Administration recommends approval of this ordinance.

**PROPOSED MOTION:** I move to introduce Ordinance 23-07, and schedule it for third reading and adoption at the City Council meeting scheduled for December 12, 2023, and a vote of the public via a special election ballot within 30 days of council approval of this ordinance.

**ATTACHMENTS:** Ordinance 23-07 and draft version of Chapter 4.35 – Rental Tax on Rental of Motor Vehicles.