

Bill No. 3854-08

NO. 11-09-OR

## ORDINANCE

An Ordinance amending and supplementing the Allegheny County Code of Ordinances, Division 1, entitled "Administrative Code," Article 808.B, "Rental Vehicle Taxation," in order to provide consistency with regard to exemptions from the County tax on the rental of certain motor vehicles within the County and the exemptions from taxes imposed by the Commonwealth on such rentals.

**Whereas**, under Act 44 of 2007, the Pennsylvania General Assembly and Governor have empowered Counties of the Second Class to impose a tax on the rental of certain motor vehicles within the County in order to generate revenue to support transit; and

**Whereas**, in its original form, the statute imposing this tax within Allegheny County did not speak to certain exemptions which are available from the state taxes on these same rentals; and

**Whereas**, the disparity in the availability of exemptions has engendered confusion on the part of rental companies and the individuals who use their services; and

**Whereas**, it is the desire of Council to render these exemptions consistent;

***The Council of the County of Allegheny hereby enacts as follows:***

### **SECTION 1.**

The Allegheny County Code of Ordinances, Division 1, entitled "Administrative Code," Article 808.B, entitled "Rental Vehicle Taxation," §5-808.B.02 is hereby amended as follows:

#### **§5-808.B.02. Imposition of the Allegheny County Rental Vehicle Tax.**

- A. There is hereby imposed an excise tax on the rental of Rental Vehicles in the County of Allegheny during Tax Year 2008, or any part thereof, and for each tax year thereafter. For purposes of this Section, the rental of a Rental Vehicle in the

County of Allegheny occurs whenever a person enters into a contract for and/or takes possession of a Rental Vehicle in the County of Allegheny from a Vehicle Rental Company.

- B. The tax imposed by this Article shall be collected by a Vehicle Rental Company at the time a Rental Vehicle is rented by that Vehicle Rental Company, and shall be remitted by the Vehicle Rental Company to the County in accordance with the requirements of this Article and any rules and regulations to be promulgated in furtherance of this Article.
- C. The rate of tax shall be two dollars per day, or part of a day, on which a rental vehicle is rented within Allegheny County.
- D. Any individual or entity that is exempt from taxation by the Commonwealth for the purposes of vehicle rental transactions shall receive the same exemption(s) from the County Rental Vehicle Tax.

***SECTION 2. Effective Date.***

The provisions of this Ordinance shall become effective January 1, 2010.

***SECTION 2 3. Severability. If any provision of this Ordinance shall be determined to be unlawful, invalid, void or unenforceable, then that provision shall be considered severable from the remaining provisions of this Ordinance which shall be in full force and effect.***

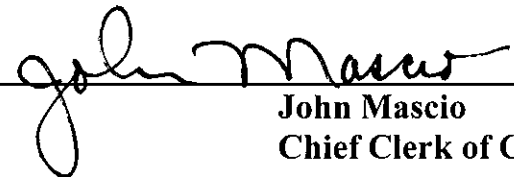
***PRIMARY SPONSOR: COUNCIL MEMBER ROBINSON***

***CO-SPONSORS: COUNCIL MEMBERS CLEARY, GASTGEB, FINNERTY, DROZD, FUTULES, GREEN, MACEY, MARTONI, & BURN***

Enacted in Council, this 17<sup>th</sup> day of March, 2009,


Council Agenda No. 3854-08.

  
\_\_\_\_\_  
Rich Fitzgerald  
President of Council

Attest:   
\_\_\_\_\_  
John Mascio  
Chief Clerk of Council

Chief Executive Office MARCH 26, 2009

Approved:   
\_\_\_\_\_  
Dan Onorato  
Chief Executive

Attest:   
\_\_\_\_\_  
Donna Beltz  
Executive's Secretary



# ALLEGHENY COUNTY COUNCIL

## COMMITTEE ON BUDGET AND FINANCE

### FISCAL NOTE

BILL NO. 3854-08

DATE 3/11/09

TOPIC: RENTAL VEHICLE TAX - NONPROFIT EXEMPTION

FUND TYPE:  OPERATING  CAPITAL  GRANT  SPECIAL ACCOUNT

PROJECT COST CENTER/JOB NUMBER: N/A

FIRST READING: 03/18/08

RELEASED FROM  
COMMITTEE: MARCH 10, 2009

RECOMMENDATION:  AFFIRMATIVE  NEGATIVE  NONE  TBD  
REASON: N/A

PRIMARY SPONSOR(S): COUNCIL MEMBER ROBINSON

CO-SPONSOR(S): COUNCIL MEMBERS BURN, CLEARY, DROZD, FINNERTY, FUTULES,  
GASTGEB, GREEN, MARTONI & MACEY

#### 1. LEGISLATIVE SUMMARY

BILL No. 3854-08 IS AN ORDINANCE AMENDING AND SUPPLEMENTING THE ALLEGHENY COUNTY CODE OF ORDINANCES, DIVISION 1, ENTITLED "ADMINISTRATIVE CODE," ARTICLE 808.B, "RENTAL VEHICLE TAXATION," IN ORDER TO PROVIDE EXEMPTIONS FOR NOT-FOR-PROFIT ORGANIZATIONS FROM THE COUNTY TAX ON THE RENTAL OF CERTAIN MOTOR VEHICLES.

THIS AMENDMENT WOULD PROVIDE THAT ANY INDIVIDUAL OR ENTITY THAT IS EXEMPT FROM TAXATION BY THE COMMONWEALTH OF PENNSYLVANIA FOR THE PURPOSES OF VEHICLE RENTAL TRANSACTIONS SHALL RECEIVE THE SAME EXEMPTION(S) FROM THE COUNTY VEHICLE RENTAL TAX.

#### 2. GENERAL STATEMENT - FISCAL EFFECT

THE FISCAL IMPACT OF THIS LEGISLATION WAS CALCULATED USING ACTUAL VEHICLE RENTAL TAX COLLECTION DATA FOR THE PERIOD OF JANUARY 1, 2008 – DECEMBER 31, 2008 PROVIDED BY THE ALLEGHENY COUNTY TREASURER'S OFFICE AND TAX EXEMPT SALES DATA PROVIDED BY SEVEN (7) VEHICLE RENTAL COMPANIES. THESE SEVEN (7) COMPANIES REMITTED A TOTAL OF 87.88% OF THE TOTAL 2008 VEHICLE RENTAL TAX COLLECTIONS.

INQUIRIES REQUESTING 2008 TAX EXEMPT SALES DATA WERE SENT TO EIGHT (8) VEHICLE RENTAL COMPANIES. COMPANIES WERE CHOSEN BASED UPON THE AMOUNT OF TOTAL VEHICLE RENTAL TAX REMITTANCES MADE TO THE COUNTY IN 2008. FOCUS WAS PLACED ON COMPANIES WITH THE LARGEST 2008 TOTAL VEHICLE RENTAL TAX REMITTANCES. DATA WAS RECEIVED FROM SEVEN (7) OF THE EIGHT (8) VEHICLE RENTAL COMPANIES.

BY REVIEWING THE AFOREMENTIONED DATA, THE FOLLOWING ASSUMPTIONS ARE MADE REGARDING THE 2008 VEHICLE RENTAL TAX.

IF THIS LEGISLATION WAS IMPLEMENTED FOR THE 2008 VEHICLE RENTAL TAX COLLECTION YEAR, THE AMOUNT OF FORGONE REVENUE WOULD HAVE BEEN \$91,501.

<b>87.88% of the 2008 Vehicle Rental Tax Collections (Representing Sampled Data from Seven (7) Vehicle Rental Companies)</b>	\$ 5,114,144	\$ 84,446 *	1.65% ***
<b>12.12% of the 2008 Vehicle Rental Tax Collections (Representing Non-Sampled Data)</b>	\$ 705,514	\$ 7,055 **	1.00%
<b>Total 2008 Vehicle Rental Tax Collections (Representing 100% of Data)</b>	\$ 5,819,658	\$ 91,501	1.57%***
* Estimate determined by comparing the total 2008 Allegheny County tax exempt sales data, presented as a percentage of 2008 gross Allegheny County sales as provided by the seven (7) sampled vehicle rental companies, to the actual 2008 vehicle rental tax remittances made by the sampled companies, as provided by the Allegheny County Treasurer's Office.			
** Estimate determined by averaging the total 2008 Allegheny County tax exempt sales data, presented as a percentage of 2008 gross Allegheny County sales as provided by the seven (7) sampled vehicle rental companies (rounded up to the nearest percentage point), to the actual 2008 vehicle rental tax remittances of the non-sampled vehicle rental companies, as provided by the Allegheny County Treasurer's Office.			
*** Rounded (1.65124% rounded to 1.65%) and (1.57229% rounded to 1.57%)			

THESE ASSUMPTIONS CAN BE APPLIED TO ESTIMATED FUTURE COLLECTIONS AS A MEANS OF CALCULATING THE ESTIMATED FUTURE IMPACT OF THE APPROVAL OF THIS PROPOSED LEGISLATION (BILL NO. 3854-08).

\$ 5,800,000	4.00%	\$ 232,000
\$ 5,800,000	3.50%	\$ 203,000
\$ 5,800,000	3.00%	\$ 174,000
\$ 5,800,000	2.50%	\$ 145,000
\$ 5,800,000	2.00%	\$ 116,000
\$ 5,800,000	1.57%	\$ 91,060
\$ 5,800,000	1.50%	\$ 87,000
\$ 5,800,000	1.00%	\$ 58,000
\$ 5,800,000	0.50%	\$ 29,000
\$ 5,800,000	0.00%	\$ -
Red indicates the estimated percentage of 2008 Allegheny County sales exempt from PA taxes.		

**3. STATEMENT OF APPROPRIATIONS AVAILABILITY  
(ONLY FOR PROJECTS TO BE IMPLEMENTED IN CURRENT YEAR)**

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N/A

**4. COUNTY REVENUE SOURCE**

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IT IS ANTICIPATED THAT THE IMPLEMENTATION OF THE VEHICLE RENTAL TAX EXEMPTIONS OUTLINED IN THIS LEGISLATION WILL HAVE LITTLE TO NO IMPACT ON THE COST OF COLLECTION ESTABLISHED TO DATE.

COMPANIES ARE CURRENTLY MONITORED FOR COMPLIANCE WITH THE EXISTING VEHICLE RENTAL TAX LAW. IT SHOULD BE NOTED THAT ADDITIONAL MONITORING WILL BE REQUIRED TO ENSURE COMPLIANCE WITH THIS PROPOSED AMENDMENT TO THE VEHICLE RENTAL TAX LAW,

**5. DATA SOURCE**

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ACTUAL COLLECTION DATA FOR THE PERIOD OF JANUARY 1, 2008 -- DECEMBER 31, 2008 PROVIDED THE ALLEGHENY COUNTY TREASURER'S OFFICE.

TAX EXEMPT SALES DATA PROVIDED BY THE FOLLOWING VEHICLE RENTAL COMPANIES:  
ENTERPRISE (ERAC), AVIS BUDGET GROUP, VANGUARD (NATIONAL/ALAMO), DTAG (DOLLAR RENT-A-CAR/THRIFTY CAR RENTAL, AND U-HAUL.

**PREPARED BY**

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03/11/2009

JENNIFER M. LIPTAK  
BUDGET DIRECTOR  
COUNTY COUNCIL

THIS NOTE IS PREPARED IN ACCORDANCE WITH ARTICLE IV, SECTION C "FISCAL NOTES" OF THE ALLEGHENY COUNTY COUNCIL -- RULES OF COUNCIL. THIS NOTE CONTAINS A QUANTITATIVE ANALYSIS, AND SHOULD NOT BE CONSTRUED TO REPRESENT THE INDIVIDUAL POLICY OPINION OF THE PREPARER. IT IS THE RESPONSIBILITY OF THE BILL SPONSOR(S) TO DETERMINE WHETHER THE BILL IS PRESENTED FOR CONSIDERATION BY A COMMITTEE OR THE FULL COUNCIL.