

## RENTAL CAR SALES TAX

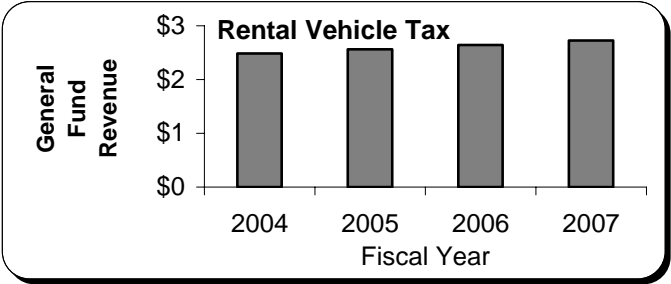
### Revenue Description

Beginning July 1, 2003, Montana imposes a 4% tax on the base rental charge for rental vehicles. All revenue is allocated to the general fund.

### Historical and Projected Revenue

The rental car sales tax has been collected for only one full year. Table 1 shows actual collections for FY 2004 and forecast collections through FY 2007.

<b>Table 1</b>			
<b>Rental Vehicle Tax - General Fund Revenue</b>			
<b>(\$ millions)</b>			
	<u>Fiscal Year</u>	<u>Rental Vehicle Sales Tax</u>	<u>Percent Change</u>
A	2004	\$2.486	NA
F	<b>2005</b>	<b>\$2.563</b>	<b>5.02%</b>
F	<b>2006</b>	<b>\$2.643</b>	<b>5.02%</b>
F	<b>2007</b>	<b>\$2.724</b>	<b>5.02%</b>



Fiscal Year	Revenue (\$ millions)
2004	2.486
2005	2.563
2006	2.643
2007	2.724

### Forecast Methodology and Projection Calculation

The sales tax on rental vehicles has been collected for only one year. Thus, there is no collections history that can be used to estimate the future growth of the tax. At the national level, the Economic Census, which is conducted every five years, reported receipts from motor vehicle rentals of \$26.462 billion in 1997 and \$33.798 billion in 2002. This represents an average annual rate of growth of 5.02%. Montana vehicle rental receipts and tax collections are forecast to grow at this rate through FY 2007.