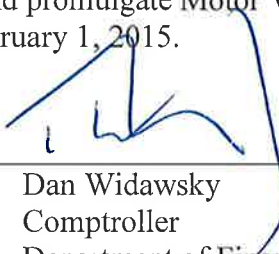


**CITY OF CHICAGO
DEPARTMENT OF FINANCE
RULES AND REGULATIONS**

Pursuant to Sections 2-32-80, 2-32-096, 3-4-030, 3-4-150 and 3-48-150 of the Municipal Code of Chicago, I, Dan Widawsky, as Comptroller of the City of Chicago Department of Finance, do hereby adopt and promulgate Motor Vehicle Lessor Tax Ruling #1, as set forth below, effective February 1, 2015.

Dated: January 16, 2015



Dan Widawsky
Comptroller
Department of Finance

Motor Vehicle Lessor Tax Ruling #1

Subject: Daily Leases

Effective date: February 1, 2015

Section 1. Pursuant to Section 3-48-030 of the Municipal Code of Chicago ("Code"), the Motor Vehicle Lessor Tax ("MVLT") is imposed upon the privilege of leasing motor vehicles within the City of Chicago ("City") on a daily or weekly basis. The rate of the tax is \$2.75 per vehicle per rental period specified in the lease agreement.

Section 2. Code Section 3-48-020 defines the term "daily or weekly basis" as including, "in addition to its usual and popular meaning, any period of time for which a daily or weekly rate is charged for a lease."

Section 3. Some businesses, such as car-sharing organizations, lease cars on an hourly basis. Rentals that take place on an hourly basis, and not on a daily or weekly basis, are not subject to the MVLT. They are, however, subject to the City's Personal Property Lease Transaction Tax, Code chapter 3-32.

Section 4. Some businesses that lease cars on an hourly basis place a limitation on the amount charged for rentals of less than 24 hours. Such a limitation is sometimes referred to as a "capped rate," "special flat rate," or "discounted hourly rate," and is referred to herein as a "capped rate." Where this occurs, the capped rate is not deemed to be a "daily rate" for purposes of the MVLT if the lease requires the return of the vehicle to the lessor prior to the completion of 24 hours and the lessee would be required to pay an actual posted daily rate greater than the capped rate for a 24 hour lease. For example, a car-sharing organization advertises a "daily rate" of \$48.00 and an "hourly rate" of \$5.00. Because a rental of 10 hours would otherwise require a charge of \$50.00, which is more than the daily rate of \$48.00, the car-sharing organization charges a capped rate that is less than the daily rate. This capped rate may be the same whether the rental is for 10 hours, 11 hours or any other period up to 24 hours (at which point the daily rate would apply). In this situation, the capped rate charge is not deemed to be a "daily rate," so the

car-sharing organization is not required to pay the MVLТ on the rental, so long as the lease requires the return of the vehicle to the lessor prior to the completion of 24 hours and the lessee would be required to pay an actual posted daily rate greater than the capped rate for a 24 hour lease.