



May 3, 2019

The Honorable Neal Foster
The Honorable Tammie Wilson
House Finance Committee
State Capitol Room 412
Juneau AK 99801

RE: Internet Association OPPOSE to HB 102

Dear Co-Chairs Foster and Wilson:

Internet Association (IA) must respectfully express our opposition to HB 102, the Vehicle Modernization Act.

IA represents over 40 of the world's leading internet companies and advances public policy solutions that foster innovation, promote economic growth, and empower people through the free and open internet.

IA appreciates Alaska taking steps to better integrate and clarify the ability of innovative sharing services and products being able to operate in the state. With both home-sharing and transportation network companies, Alaskans have benefitted from offering their services through these platforms or have utilized the services being offered.

Unlike the Legislature's efforts in those cases, IA believes HB 102 would simply make peer-to-peer vehicle shares difficult if not impossible to operate in Alaska. The proposal before you attempts to treat peer-to-peer vehicle sharing platforms the same as rental car companies, when these entities rely on very different business models. Most prominently, rental car companies own and maintain their own fleet of vehicles, while platforms for peer-to-peer vehicle sharing do not own or maintain vehicle fleets.

Other differences are relevant as well. For example, this proposal appears to require peer-to-peer vehicle shares to charge a licensing cost recovery fee. Since hosts own their vehicle, the hosts cover the costs associated with licensing their vehicle. As a business practice, peer-to-peer vehicle shares do not incorporate the costs of licensing in the cost to share a vehicle. This places an undue burden on peer-to-peer networks to impose fees and costs, which otherwise would not be charged. This proposal would simply add fees and not improve safety for either the host or the customer.

Peer-to-peer vehicle sharing platforms have established requirements to ensure the cars being shared meet safety standards and that adequate insurance is provided once the customer gains control of the vehicle. The platform does not determine what vehicles are available, rather, it is based on owners' willingness to offer their vehicles. The vehicles offered will meet all relevant safety standards, so no Alaskans are at risk because of vehicle safety.

Peer-to-peer vehicle shares offer car owners the chance to earn a little extra money at their convenience rather than having what is often their most expensive asset -- their car -- sit unused. That extra income could allow them the opportunity to pay off a car loan quicker, take a vacation they may not otherwise be able to, or simply save for a rainy day.

HB 102 will limit the ability of Alaskans to freely earn a little money, and will limit tourists being able to enjoy activities they would not be able to with a rental car. Rental car companies will not go away because peer-to-peer vehicle shares are offered. This service will offer residents and tourists options they would otherwise not have access too.

If the State of Alaska is seeking to have a regulatory structure over peer-to-peer vehicle shares or is seeking to earn revenue, IA and its member companies are willing to discuss options with you and your colleagues. IA appreciates Alaska needs to ensure the safety of cars on your roads and the need to ensure revenues meet the needs of the State. Treating peer-to-peer vehicle shares as rental car companies does not address those needs.

For these reasons, IA respectfully must oppose HB 102. Should you have any questions please contact me at rose@internetassociation.org or 206-326-0712.

Sincerely,



Rose Feliciano
Director, Northwest Region State Government Affairs



The Honorable Tammie Wilson
Co-Chair, House Finance Committee
Fifth Floor, Alaska State Capitol
Juneau, AK 99801

The Honorable Neal Foster
Co-Chair, House Finance Committee
Fifth Floor, Alaska State Capitol
Juneau, AK 99801

Dear Co-Chairs Wilson and Foster:

We are writing to you in relation to HB 102, which is now before the House Finance Committee. We urge you to consider holding this legislation until it can be worked on in a structured, reasonable way, *with the most important stakeholders at the table.*

Please be aware that this is legislation written and pushed by one special-interest party, that being Enterprise Rent-A-Car. And it is directed specifically at the only peer-to-peer car sharing platform currently operating in Alaska, Turo. Yet without explanation or support, the bill sponsors have worked with Enterprise on this legislation to the complete exclusion of Turo, the sole affected party.

Where legislation pushed by one private competitive party to directly affect another is at stake, the Alaska Legislature typically works with the affected stakeholders to fashion a piece of legislation that works reasonably for all, most importantly for the citizens of Alaska. Right now, there are over 700 Alaskans who have shared cars on the Turo platform, and thousands more booking cars and utilizing this exciting new platform. Those Alaskans deserve to have this issue addressed rationally, with meaningful participation by the stakeholder. That has not happened. In a "rush to the Capitol," the bill proponents appear willing to do Enterprise's bidding, without concern for the affected stakeholders. Again, as a matter of process, please put the brakes on this legislation and invite Turo to the table. We would be glad to join the negotiating process with Alaska policymakers and help you fashion a credible approach to this arena.

Turo is a peer-to-peer car sharing platform. A host can make available a vehicle, and a guest user can pay to utilize the car for any number of days. Averages show that a typical host is earning in the neighborhood of \$300 per month, and users enjoy defraying some vehicle costs, especially where they are unused due to military deployment, seasonal work, or just lack of use. HB 102 is written to simply call this platform a rental car company and tax the transaction the same, at the existing 10% excise rate.

We urge you to reject this notion. A peer-to-peer platform is very different from an old school car rental company that owns its entire fleet of cars. And fortunately, most every state to consider this has carved out separate definitions and tax treatment for this new and different industry. The first step should be recognizing that the peer-to-peer notion deserves to be treated as a separate business model, which it is. Then for this and all future considerations, the Legislature will be able to distinguish one model from another as it continues to address the evolving industry. Lumping them together does nothing to allow policymakers to rationally consider clear differences between the two, and to act accordingly.



Turo is not opposed to having an Alaska excise tax imposed on its transactions. It is opposed to allowing Enterprise and HB 102 determine—to its competitive advantage—that the rate should be the same, at 10%. As with Alaska's current treatment of its RV rental structure at 3% tax, there are legitimate reasons for considering a much lower rate of tax on these transactions.

First and foremost, Alaska is thirsty for new, innovative ventures to allow citizens a diversified, individualized opportunity to earn money. Turo is helping many Alaskans succeed in doing just that, on their own time schedule, and with their own financial needs in mind. The Legislature should recognize that this opportunity is good for its citizens and strive to encourage, incentivize and nourish this new opportunity.

Second, rental car companies are pushing you for a reason. What they call "parity" is really a pretext for gaining a competitive advantage over Turo by modifying state law to their advantage. Buying and owning a fleet of cars from around the world; taking advantage of many sales tax exemptions for fleet purchases; charging renters for vehicle registration costs; and deploying their fleets up to 90% of the year on Alaska roads are just a few of the ways that rental car companies operate very differently from car sharing platforms. And they should be treated differently in tax and regulation as well.

Enterprise has launched this legislative battle in dozens of states around the country. To date no other state has enacted legislation that define and treat these two different industries the same. In the last two weeks the legislatures of Indiana and Colorado passed legislation creating a separate regulatory framework for peer-to-peer car sharing, and with different tax treatment as well. There is a path toward a reasonable approach in law. But hastily following Enterprise's approach embodied in HB 102 is not the right way to go about it. Turo views Alaska as its partner in moving this exciting new platform forward, and we ask that we be viewed as a primary stakeholder in this process. Please allow the only peer-to-peer sharing company in Alaska a seat at the table and invite us to engage in a meaningful resolution to this debate.

We appreciate your consideration and we look forward to working with you.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Peacock", is written over a solid black horizontal line.

Michelle Peacock

Head of Government Relations



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