

# ALASKA STATE LEGISLATURE



## HOUSE RULES COMMITTEE

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### *Explanation of Changes* *Senate Bill 14 – Transportation Network Companies* *Version P*

The Rules CS for SB 14 (Version P) is a technical fix that respects the original legislative intent to allow municipalities to collect sales taxes while protecting the independent contractor relationship between transportation network companies (TNCs) and their drivers.

This change allows municipalities to require TNCs collect and pay a municipal sales tax *on behalf of* their drivers. Under current law, Transportation network drivers are precluded from collecting sales taxes at the point of sale with all charges being collected by the TNCs online platform. A TNC that voluntarily collects and pays sales taxes could jeopardize its contractor relationship with drivers, a key part of the original legislation. By allowing a municipality to mandate a TNC collect and pay a sales tax *on behalf of* their drivers' municipalities can collect sales taxes in an efficient manner while preserving the independent contractor status of the TNC driver.