



OFFICE OF THE MANAGER

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April 10, 2018

Representative Gabrielle LeDoux, Chair
House Rules Committee
State Capitol, Room 216
Juneau, AK 99801

Re: Senate Bill 14 and Transportation Network Companies

Dear Chair LeDoux:

Last year, as you are aware, the Legislature passed House Bill 132 to establish uniform rules for operating transportation networks within Alaska. Among other things, the legislation established two important policies: 1) transportation network drivers are independent contractors and 2) a municipality can require a transportation network driver to pay municipal sales taxes.

The City and Borough of Juneau has been in discussions with both transportation network companies (TNCs) operating in Juneau with regards to payment of sales taxes. We are trying to work constructively to develop a payment methodology that recognizes the unique industry needs and results in efficient payment of sales taxes. We believe we have found a solution that would have transportation network companies collect and pay the sales tax on the driver's behalf. This makes sense given the TNCs collect all charges through their online platform. While TNCs are willing to pay sales taxes in this manner, if they do so voluntarily, they could jeopardize the independent contractor status of the drivers which was a major component of last year's legislation. This concern can be alleviated by requiring in statute a TNC to pay sales taxes "on behalf" of the driver.

The City and Borough of Juneau requests the Legislature assist us in simplifying the payment of sales taxes by adding a sentence that allows municipalities to require TNCs to collect and pay

sales taxes on behalf of their drivers. We believe this technical fix strengthens the policies adopted by the Legislature last year and will make it easier for TNC companies and drivers to operate in Alaska.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Watt' with a stylized flourish at the end.

Duncan Rorie Watt
City and Borough Manager