

*Re: SB 127: Vehicle Rental Tax, Committee Substitute Work Draft 33-LS0635*

Dear Senator Claman and Senate Finance Committee Members,

Turo has been working for years to establish a legislative framework for Peer to Peer (P2P) Car Sharing in Alaska that is fair to your constituents who utilize and benefit from this transit resource. Our community members appreciate your willingness to work with impacted stakeholders toward a reasonable approach to collection and remittance of the excise taxes that may be applied to P2P Car Sharing users. We are encouraged by this committee substitute that removes retroactivity from SB 127 and establishes an 8% tax for P2P carsharing while keeping rental cars at 10%.

This committee substitute mitigates substantial concerns regarding the possibility that hundreds of Alaskan P2P hosts could be held liable for alleged back taxes dating back several years, even without directly applicable statutes on the books. Eliminating that possibility gives local car owners earning income from carsharing the assurance that the taxes collected and remitted on transactions will apply only from the effective date of this bill. We appreciate the proposed change and fully support it on behalf of our Alaskan P2P hosts.

This committee substitute also follows many other states' approach in applying a lower tax rate to P2P transactions than to traditional car rentals to acknowledge the vast advantages rental companies receive that aren't available to local vehicle owners engaging in car sharing. Some of these benefits include discounts on vehicle purchases, exemptions from local sales tax where applicable, and the state given ability to pass through vehicle registration expenses to consumers. While ultimately it is the state's decision whether to tax locals and guests using P2P carsharing, we believe applying an 8% rate to P2P and keeping a 10% rate for rental cars takes into account the higher costs of car ownership for Alaskan car owners. This is particularly important at a time when the state is also considering legislation such as HB 142 and HB 378 that could create further costs for P2P users that aren't applicable to rental car transactions, as well as open the door to additional tax exemptions for traditional rental.

Passing this committee substitute will allow for Turo and other carsharing marketplaces to accurately collect and remit the proposed tax going forward on behalf of the State. Again, we appreciate your willingness to work with the impacted parties toward a reasonable and fair solution. If we can be of any further assistance, please feel free to contact us.

Sincerely,

Kyndell Gaglio



Government Relations  
Turo