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January 24, 2024

The Honorable Lyman Hoffman
The Honorable Donald Olson
The Honorable Bert Stedman
Co-Chairs, Alaska Senate Finance Committee
Juneau, Alaska 99801

RE: SB 127, regarding vehicle rental taxes

Co-Chairs Hoffman, Olson, and Stedman:

I am writing today respectfully in **opposition to SB 127**, a bill related to peer-to-peer car sharing.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.2 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance.

Peer-to-peer car sharing companies host a platform that connects vehicle owners with people who need access to a car, including Alaska residents. It provides users with more choices and allows car-owning Alaska residents to create passive income opportunities. These platforms also create convenient, affordable, and environmentally friendly on-demand access to vehicles for those who do not own cars, or for whom car ownership is cost prohibitive.

Peer-to-peer car sharing companies are innovative and have a fundamentally different business model from traditional rental car companies. Unlike rental car companies, these platforms do not own or operate a fleet of vehicles; they simply provide the marketplace in which individuals can loan out their personal vehicle to others. Unfortunately, SB 127 does not account for financial benefits that rental car companies receive, including the ability to pass through a vehicle licensing fee, skirting sales tax obligations in local jurisdictions where it applies, and fleet discounts on wholesale purchases of vehicles. As a result, Alaskan car owners sharing their vehicles on peer-to-peer car sharing platforms would also not receive those benefits but still be saddled with the added cost due to the new tax.

We believe that there should be some variation to account for financial benefits that traditional rental companies receive, otherwise the application of SB 127 will result in both increased costs to residents seeking access to a car or truck and a reduction in the earning potential of individuals who offer their vehicles on these platforms.

We welcome a regulatory framework for car sharing in the state and therefore suggest the consensus model from the National Council of Insurance Legislators (NCOIL), which would provide a uniform, responsible, and appropriate insurance regulatory framework for the peer-to-peer car sharing industry. The model law was developed and agreed upon through extensive stakeholder participation and ensures there are robust and uniform measures for consumer safety, transparent pricing, and insurance coverage. The model law allows states the flexibility to add state-specific language to fit their current statutes.

Thank you for your attention to this important issue. Don't hesitate to reach out if I can answer any questions.

Respectfully submitted,

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

Ashley Sutton
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