

**ALASKA STATE LEGISLATURE**  
**SENATE TRANSPORTATION STANDING COMMITTEE**

April 7, 2022

1:43 p.m.

**MEMBERS PRESENT**

Senator Robert Myers, Chair  
Senator Peter Micciche  
Senator Jesse Kiehl

**MEMBERS ABSENT**

Senator Mike Shower, Vice Chair  
Senator Click Bishop

**COMMITTEE CALENDAR**

CONFIRMATION HEARING(s)

Board of Marine Pilots  
Joseph Tougas - Seward

- CONFIRMATION ADVANCED

HOUSE BILL NO. 90

"An Act relating to rental vehicles; relating to vehicle rental networks; relating to liability for vehicle rental taxes; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 90

SHORT TITLE: VEHICLE RENTALS & VEHICLE RENTAL NETWORKS

SPONSOR(s): REPRESENTATIVE(s) WOOL

|          |     |                                 |
|----------|-----|---------------------------------|
| 02/18/21 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/18/21 | (H) | L&C, FIN                        |
| 04/09/21 | (H) | L&C AT 8:00 AM GRUENBERG 120    |
| 04/09/21 | (H) | Heard & Held                    |
| 04/09/21 | (H) | MINUTE(L&C)                     |
| 04/12/21 | (H) | L&C AT 3:15 PM BARNES 124       |
| 04/12/21 | (H) | Moved HB 90 Out of Committee    |

04/12/21 (H) MINUTE (L&C)  
 04/14/21 (H) L&C RPT 4DP 3AM  
 04/14/21 (H) DP: SCHRAGE, SNYDER, SPOHNHOLZ, FIELDS  
 04/14/21 (H) AM: KAUFMAN, MCCARTY, NELSON  
 05/13/21 (H) FIN AT 1:30 PM ADAMS 519  
 05/13/21 (H) Heard & Held  
 05/13/21 (H) MINUTE (FIN)  
 02/02/22 (H) FIN AT 9:00 AM ADAMS 519  
 02/02/22 (H) Moved HB 90 Out of Committee  
 02/02/22 (H) MINUTE (FIN)  
 02/04/22 (H) FIN RPT 5DP 2NR  
 02/04/22 (H) DP: ORTIZ, EDGMON, WOOL, JOSEPHSON,  
 FOSTER  
 02/04/22 (H) NR: THOMPSON, MERRICK  
 03/04/22 (H) TECHNICAL SESSION 3/4 - ON 3/7 CALENDAR  
 03/07/22 (H) BEFORE HOUSE IN SECOND READING  
 03/11/22 (H) TECHNICAL SESSION 3/11 - ON 3/14  
 CALENDAR  
 03/18/22 (H) TRANSMITTED TO (S)  
 03/18/22 (H) VERSION: HB 90 AM (EFD FLD)  
 03/21/22 (S) READ THE FIRST TIME - REFERRALS  
 03/21/22 (S) TRA, L&C, FIN  
 03/29/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)  
 03/29/22 (S) -- MEETING CANCELED --  
 04/07/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

JOSEPH TOUGAS, Appointee  
 Board of Marine Pilots  
 Division of Corporations, Business, and Professional Licensing  
 Department of Commerce, Community and Economic Development  
 Seward, Alaska

**POSITION STATEMENT:** Testified as appointee to the Board of Marine Pilots.

REPRESENTATIVE ADAM WOOL  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HB 90.

KEN ALPER, Staff  
 Representative Adam Wool  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Co-presented a PowerPoint, HB 90: Private Vehicle Rental Networks on behalf of the sponsor.

ASHLEY CARRICK, Staff  
Representative Adam Wool  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Co-presented a PowerPoint Private Vehicle Rental Networks on HB 90 on behalf of the sponsor.

KYNDELL GAGLIO, Government Relations & Legislative Counsel  
Turo, Inc.  
San Francisco, California

**POSITION STATEMENT:** Testified in opposition to HB 90.

SEAN VINCK, Associate General Counsel  
Turo, Inc.  
San Francisco, California

**POSITION STATEMENT:** Answered questions during the hearing on HB 90.

ASHLEY SUTTON, Executive Director  
TechNet, Northwest Region  
Olympia, Washington.

**POSITION STATEMENT:** Testified in opposition to HB 90.

BRIAN ROTHERY, Vice President  
Governmental and Public Affairs  
Enterprise Holdings  
St. Louis, Missouri

**POSITION STATEMENT:** Testified during the hearing on HB 90.

CARRIGAN GRIGSBY, Director  
Sales and Real Estate  
Avis Alaska  
Anchorage, Alaska

**POSITION STATEMENT:** Testified and answered questions during the hearing on HB 90.

## **ACTION NARRATIVE**

[1:43:19 PM](#)

**CHAIR ROBERT MYERS** called the Senate Transportation Standing Committee meeting to order at 1:43 p.m. Present at the call to order were Senators Kiehl, Micciche, and Chair Myers.

## **CONFIRMATION HEARING**

## Board of Marine Pilots

[1:43:59 PM](#)

CHAIR MYERS announced the consideration of the Governor Appointees to Boards and Commissions.

[1:44:18 PM](#)

JOSEPH TOUGAS, Appointee, Board of Marine Pilots, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community and Economic Development, Seward, Alaska, said he is excited to join the Board of Marine Pilots. He said he does not work with marine pilots directly, but he works in the maritime industry, which has been his lifelong passion.

[1:45:35 PM](#)

SENATOR MICCICHE asked how his experience was relevant to the Board of Marine Pilots.

MR. TOUGAS responded that he grew up in Seward, and attended the California Maritime Academy, traveling to 17 different countries, including Australia, Asia, and Russia. He worked for TOTE Maritime Alaska, traveling from Tacoma and Anchorage.

MR. TOUGAS stated that he worked with his family in the tourism industry, operating boats in Washington State, Southeast, and Southcentral Alaska. In 2008, he started a company in Seward, Catalyst Marine Engineering, offering ship repair, logistics, and regulatory compliance work with the US Coast Guard (USCG), and the American Bureau of Shipping (ABS). He said that his company works with vessels transiting all over Alaska. Most of these vessels travel from Southeast Alaska and Seward to Western Alaska, Kodiak, Dutch Harbor, Shemya, and the North Slope. Catalyst Marine serves the tanker fleet in Valdez. Although he does not have direct relations with the marine pilots, marine safety is extremely important to the maritime, cruise, and visitor industry. He added that foreign vessels include commercial craft and yachts.

[1:48:49 PM](#)

MR. TOUGAS indicated he is still learning about marine pilots, but he believes his experience in the marine industry is valuable. He offered his view that the state needs younger, qualified marine pilots as the current ones reach retirement age.

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SENATOR MICCICHE offered his belief that Mr. Tougas was qualified to serve on the board. He asked if he would serve on the public or marine operator's seat.

MR. TOUGAS answered that he was appointed to serve on the public seat.

[1:49:56 PM](#)

SENATOR KIEHL noted that he owns Rail Port Investments. He asked him to review the company.

MR. TOUGAS answered that Rail Port Investments is a real estate company that owns the building that Catalyst Marine Engineering leases.

SENATOR KIEHL asked whether any tenants were marine pilots.

MR. TOUGAS answered no.

[1:51:03 PM](#)

SENATOR KIEHL turned to due diligence. He asked if there was anything in his background that might embarrass the legislature

MR. TOUGAS answered that he had received a few traffic violations.

[1:51:47 PM](#)

CHAIR MYERS opened public testimony on the confirmation hearing for Joseph Tougas to the Board of Marine Pilots; he found none and closed public testimony.

[1:52:06 PM](#)

SENATOR MICCICHE added that appreciated his willingness to serve on the Board of Marine Pilots.

[1:52:47 PM](#)

SENATOR MICCICHE stated that in accordance with AS 39.05.080, the Senate Transportation Standing Committee reviewed the following and recommends the appointment be forwarded to a joint session for consideration:

Board of Marine Pilots  
Joseph Tougas - Seward

[Signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees; the nominations are merely

forwarded to the full legislature for confirmation or rejection.]

[1:53:09 PM](#)

At ease

[1:54:22 PM](#)

CHAIR MYERS reconvened the meeting.

**HB 90-VEHICLE RENTALS & VEHICLE RENTAL NETWORKS**

[1:54:28 PM](#)

CHAIR MYERS announced the consideration of HOUSE BILL NO. 90 am(efd fld) "An Act relating to rental vehicles; relating to vehicle rental networks; relating to vehicle rental taxes; and relating to vehicle rental fees."

[1:54:45 PM](#)

REPRESENTATIVE ADAM WOOL, Alaska State Legislature, Juneau, Alaska, sponsor of HB 90, stated that HB 90 does not create a new vehicle rental tax. The Alaska Vehicle Rental Tax was created in 2003, charging a 10 percent tax on all vehicles rented in the state. It raises \$10 million annually in revenue paid by rental car companies. He stated that the Alaska Vehicle Rental Tax is listed as a line item on the rental car invoice when consumers rent a car. Consumers pay the tax, and the car rental company remits the tax to the state.

[1:55:57 PM](#)

REPRESENTATIVE WOOL explained that HB 90 would require peer-to-peer car-sharing rentals, such as Turo, to collect and remit the tax. When someone rents their personal car to someone else, they collect the tax and are responsible for remitting it to the state. He offered his view that most people are unaware of the quarterly Alaska Vehicle Rental Tax. Some people erroneously believe that the tax only applies to rental vehicles in Anchorage because the Municipality of Anchorage charges an 8 percent Vehicle Rental Tax. Several years ago, the Municipality of Anchorage passed an ordinance stating that peer-to-peer networks, such as Turo, must remit an 8 percent Vehicle Rental Tax to the state, in addition to the 10 percent state tax.

REPRESENTATIVE WOOL stated that HB 90 would create a level-playing field since it would require all rental cars to be subject to the tax. He acknowledged that the brick and mortar car rentals, such as Avis, Hertz, or Enterprise, are easy for the state to locate. HB 90 would make it easier for peer-to-peer

companies to pay the tax. He stated that an amendment on the House floor would allow those companies renting three or fewer vehicles to collect an 8 percent tax, and those with four or more vehicles would collect the full 10 percent Alaska Vehicle Rental Tax.

[2:00:23 PM](#)

KEN ALPER, Staff, Representative Adam Wool, Alaska State Legislature, Juneau, Alaska, on behalf of the sponsor, stated that the Vehicle Rental Tax was initiated in 2003 and is administered by the Department of Revenue's Tax Division.

[2:00:48 PM](#)

MR. ALPER reviewed slide 2, Alaska's Vehicle Rental Tax. He stated that the tax typically raises approximately \$10 million per year. He said that the language reads "lease or rental of a passenger vehicle in the state," which is broad language requiring any individual or company that rents vehicles for money to collect the tax. He noted that the tax has existing exemptions for large commercial trucks over 8,500 pounds, long-term or government rentals, taxicabs, and motorcycles. He indicated that recreational vehicles are subject to a 3 percent tax rate. He said the program uses a special vehicle tax account rather than a Designated General Fund (DGF). He characterized it as an appropriation for tourism marketing, but recently the funds have been used for state parks or Department of Transportation and Public Facilities (DOTPF) highway maintenance.

[2:02:07 PM](#)

MR. ALPER clarified that commercial vehicles over 8,500 pounds were exempt from the tax.

[2:02:25 PM](#)

MR. ALPER reviewed slide 3, Trends in the Vehicle Rental Industry, which read:

- Industry is dominated by large national companies such as Hertz, Avis, Enterprise, etc.
- There are also smaller local and regional companies, many of which operate seasonally. These companies also pay the state's tax
- In recent years, there has been rapid growth of web-based "peer to peer car rentals, where one person can rent their car to another through a website

- These websites are known as “vehicle rental networks”
- The trend is prevalent for both regular passenger cars and trucks (Turo, Getaround) and Recreational Vehicles (Outdoorsy, RVShare.com)

MR. ALPER noted that the internet trend was for vehicle rental networks to facilitate that transaction. He characterized Turo and other similar companies as brokerage entities.

[2:03:27 PM](#)

ASHLEY CARRICK, Staff, Representative Adam Wool, Alaska State Legislature, Juneau, Alaska, Co-presented a PowerPoint on HB 90. She reviewed slide 4, What Does HB90 Do?

[Original punctuation provided.]

- When someone rents their vehicle through a “vehicle network” company, their full name and address isn’t visible, making it hard for the Department of Revenue to reach them to ensure they pay the tax
- HB90 requires a vehicle network company to collect the tax on behalf of the renter, and remit it to the state
  - The Muni of Anchorage in 2020 passed a similar ordinance and has been collecting their vehicle rental tax from network companies
  - Anchorage similarly passed an ordinance for Air BNB to collect their bed tax
- Eliminates the need for car owners to file and pay the monthly tax themselves.
- Most are not currently paying the tax, so it also protects them from potential audit liability
- It also sets a lower 8% rate for companies that rent three or fewer vehicles.

[2:05:33 PM](#)

MS. CARRICK reviewed slide 5, Actual Turo Rental Confirmation 2-Day Rental in Anchorage.

A box on the left-hand slide of the tax showed the base rate of \$79 for two days, a trip fee of \$30.34, Sales Tax of \$15.07, for a total of \$203.41.

The slide read:

Base rent: owner typically gets 75% of this, or \$118.50

The trip fee is a Turo service charge.

8% Anchorage rental tax (charged on both base + trip fee)

To car owner \$118.50 58%  
To Turo \$69.84 34%  
To Anchorage \$15.07 8%  
Total \$203.41

HB90 would add the state tax as an additional line item on the bill

MS. CARRICK stated that the person paying the tax is the person renting the vehicle. The tax is passed on to the customer, and the customer pays the tax.

[2:06:39 PM](#)

MS. CARRICK reviewed slide 6, States where Vehicle Rental Networks are Collecting Tax, consisting of a color-coded map of the United States, which read:

- 29 States currently apply rental taxes to vehicle rental networks
  
- Alaska's current tax rates:
  - 10% for motor vehicles
  - 3% for recreational vehicles
  
- Historically, vehicle rental tax revenue has been around \$10 million, which could increase 10-30% with the addition of vehicle rental networks.

[2:07:30 PM](#)

CHAIR MYERS asked if the vehicle is up for rental on Craigslist or some other classified site, how HB 90 would affect that type of rental.

MS. CARRICK related a scenario in which a person had four vehicles listed on Craigslist, the person would be responsible for obtaining a business license and remitting the tax. She pointed out that Craigslist was not considered a vehicle rental network.

[2:08:24 PM](#)

MR. ALPER stated that the Department of Revenue tracks people in the ad hoc car rental business. Although the department does reach out to people to collect the Vehicle Rental Tax, this bill is not designed for that but is geared for online software rentals.

[2:08:53 PM](#)

CHAIR MYERS expressed concern that it would create a large loophole if the state were to collect 5 percent of those listed on Craigslist rather than 95 percent.

MR. ALPER noted it was his impression that the prevalence of Craigslist rentals has gone down in recent years due to the growth of the car rental platforms. He stated that it was easier to list vehicles using websites like Turo rather than placing an ad on Craigslist.

[2:09:58 PM](#)

SENATOR KIEHL said he had used Turo. He asked how this would differ from collecting and remitting local sales taxes. He noted that the Turo receipt lists a line for sales tax.

MR. ALPER stated that the Juneau sales tax is not a listed line item on Turo receipts. Juneau does not have an ordinance that mandates it. Anchorage passed an ordinance, so the Municipality of Anchorage Vehicle Rental Tax lists the tax on receipts.

[2:11:25 PM](#)

SENATOR KIEHL related his understanding that the City and Borough of Juneau has an ordinance that requires sales tax to be listed separately on each receipt.

[2:11:45 PM](#)

CHAIR MYERS related that there is a carve-out for owners of three or fewer vehicles. He wondered about an estimate of the number of owners listing on the Turo platform with three or fewer vehicles.

MS. CARRICK answered that it would be difficult to determine because they have limited data on individual renters. She said it would likely be easy for a person to create two profiles.

[2:12:42 PM](#)

SENATOR KIEHL asked whether the liability falls on the network rather than the vehicle owner.

MR. ALPER responded that the liability for the network is to collect and remit the tax. He suggested that if the tax were collected but not remitted, it would be a whole different level of crime than not collecting the tax. He explained that the tax liability ultimately depends on the person renting the vehicle. However, if the tax is collected via the transaction on Turo, the vehicle owner has met their obligation.

MR. ALPER said a lot of the debate on the House floor related to an individual making a few extra dollars to help their family. However, many people who use the site are commercial operators with 10 or more vehicles. The idea of creating a carve-out for the small owner of three or fewer vehicles was designed to give the benefit that the person warranted paying a lower tax rate without providing a blanket exemption to everyone using the platform.

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SENATOR MICCICHE related his understanding that HB 90 requires the collection of the Alaska Vehicle Rental Tax via the vehicle company. He noted that the amendment process dropped the rate on peer-to-peer rentals.

MR. ALPER clarified that it dropped the rate on peer-to-peer networks where the vehicle owner lists three or fewer cars. He stated the larger peer-to-peer rentals would pay the rate. He agreed that it moves the obligation to the company to collect the tax, but it forces them to register with the Department of Revenue, file a return, and remit the taxes on behalf of the car owners that use their network.

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CHAIR MYERS related his understanding that part of the justification for the bill is to level the playing field for Turo and legacy brick and mortar car rental companies. He wondered if there were other differences between a private owner and a car rental company. For instance, in terms of insurance, once a company reaches a certain size, they are eligible for

fleet rates. He asked what type of benefits car rental companies receive.

MR. ALPER answered that, to a certain extent, the industry was more qualified to respond. He noted that the networks require robust insurance and newer vehicles. He referred to slide 5 to the typical base rent of 75 percent. He stated that the car owner might receive 80 or 60 percent, depending on the level of risk the owner takes. For instance, if the owner were ready to absorb more responsibility for damage, Turo would pay a more significant percentage.

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MS. CARRICK added that the Division of Motor Vehicles indicated that it does not provide discounts for traditional car rental agencies for registering their vehicles.

[2:17:33 PM](#)

CHAIR MYERS asked whether car rental agencies receive any discounts when purchasing large numbers of vehicles.

MS. CARRICK deferred to Mr. Alper.

MR. ALPER agreed that it might occur to a certain extent, but if so, it would mean that they should be able to rent their cars for less. He noted that the car rental and peer-to-peer rentals use business models. The current law requires that anyone who rents a vehicle for money owes the Alaska Vehicle Rental Tax.

[2:19:02 PM](#)

CHAIR MYERS opened public testimony on HB 90.

[2:19:25 PM](#)

KYNDELL GAGLIO, Government Relations & Legislative Counsel, Turo Inc., San Francisco, California, stated that Turo is the largest peer-to-peer car-sharing network. Its mission is to put the world's 1.5 billion cars to better use. She stated that she was joined by Sean Vinck, their associate general counsel. She asked members to oppose HB 90 because it is an unfair to regulate and tax constituents and visitors who use car sharing. Turo, Inc. owns no vehicles and doesn't have any employees in Alaska, but Alaska residents who own vehicles can share them through the marketplace. She estimated that people earn on average \$200 per month by car sharing. People use their income to pay for groceries, rent, car payments, or student loans.

MS. GAGLIO stated that several platforms exist in other markets, but Turo is currently the only one operating in Alaska. She noted that Turo was not part of the process of developing the bill, nor has there been meaningful stakeholder engagement. She stated that HB 90 will harm these small businesses and the locals and visitors who benefit from them by establishing a new tax that treats locals like a large rental company without considering the many benefits car rental companies receive but members' constituents using car sharing do not.

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MS. GAGLIO listed some benefits to car rental companies including their ability to purchase cars at discounted wholesale rates rather than paying the retail rate for their vehicles. Car rental companies pass through car registration costs by tacking them on as vehicle licensing fees. Car rental companies received millions of dollars in Coronavirus Aid, Relief, and Economic Security Act funding and many states passed on sales taxes to their renters. Car rental companies receive special discounts on insurance. She stated that Turo supports fair regulation and taxation for peer-to-peer car sharing and encourages the state to put forth a bill that considered the disparities just mentioned. She referred to a recommended model by the National Council of Insurance Legislators (NCOIL). She questioned the timing of the tax bill because Alaskans still suffer financially. At the same time, the US faces severe car shortages so the timing might inhibit members' constituents from earning these extra dollars, while providing locals with much needed transit.

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MS. GAGLIO stated that since the pandemic began, there has been dramatic trend toward local usage. The tax would ultimately apply to locals.

[2:23:32 PM](#)

SENATOR KIEHL asked for the percentage of local renters of cars on the platform in Alaska.

MS. GAGLIO deferred to Mr. Vinck.

[2:24:14 PM](#)

SEAN VINCK, Associate General Counsel, Turo, Inc., San Francisco, CA, Alaska, introduced himself.

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SENATOR KIEHL asked for the percentage of local renters of vehicles listed on the platform.

MR. VINCK asked if he was interested in the share of the market.

SENATOR KIEHL recalled Ms. Gaglio mentioned that Alaskans were renting vehicles on this platform, and that trend was going up. He was curious about the number of Alaskans renting on the platform.

MR. VINCK said he did not have the exact number of people listing their vehicles on the platform. He offered to try to get those figures.

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SENATOR MICCICHE asked what proportion of vehicles rented in Alaska are peer-to-peer compared to traditional car rental agencies. He further asked what portion of peer-to-peer was on the platform versus private bulletin board rentals on Facebook, Craigslist, or small community bulletin boards.

MR. VINCK answered that he could not provide the exact information since some of it is proprietary information. He offered his view that peer-to-peer was the minority compared to car rentals. He responded that he did not have the exact number of individuals using Turo. Still, according to their survey, 84 percent of the people sharing vehicles did so on Turo rather than using a bulletin board.

[2:27:14 PM](#)

SENATOR MICCICHE asked whether 84 percent included all platforms or Turo only.

MR. VINCK stated that the survey was not specific to Turo, so he thought it referred to platforms at large.

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MR. VINCK related that many states had addressed peer-to-peer car sharing through regulation. It is generally done using model legislation to address consumer protection, public safety, and insurance. This legislation addresses peer-to-peer car sharing through taxation. He suggested a more comprehensive approach.

[2:28:29 PM](#)

MR. VINCK recalled that 29 states applied a peer-to-peer rental car tax, but that figure is inaccurate. He stated that New York was cited as a state that applied the same rental taxes to peer-

to-peer and car rental. However, New York enacted a law this year that provides a lower rate of excise taxes for peer-to-peer as opposed to car rental companies. Florida was one state that was cited as having the same rate as peer-to-peer, but Florida enacted a \$1 per day instead of \$2 per day for peer-to-peer rentals. Several other states, including Ohio, were cited as applying a state rental tax. However, Ohio does not have a statewide rental tax. Indiana, Tennessee, and Oklahoma were cited as applying a retro tax to peer-to-peer. Still, each of states had enacted legislation to apply a lower rate for peer-to-peer rentals. Most states that have examined this issue give a lower rate to peer-to-peer transactions than car rentals, including no excise tax or some lower special tax that applies only to peer-to-peer rentals.

[2:30:06 PM](#)

SENATOR MICCICHE expressed an interest in reviewing the data and sources. He asked whether states not carrying over the rental car excise tax to platforms chose to do so or if they had not yet taken action.

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MR. VINCK responded that states fall in both categories. For example, Florida, Tennessee, Oklahoma, Virginia, Indiana, Illinois, and New York have acted to apply the lower rate to peer-to-peer networks. Other states, such as Ohio, currently do not have a rental tax. Some states, such as Pennsylvania, have not yet acted on vehicle rental taxes.

SENATOR MICCICHE expressed his interest in reviewing their data.

MR. VINCK offered to provide the information to the committee.

SENATOR MICCICHE indicated that he had reviewed NCOIL's model act, which was helpful information.

[2:32:29 PM](#)

ASHLEY SUTTON, Executive Director, TechNet, Northwest Region, Olympia, Washington, spoke in opposition to HB 90. She stated that TechNet is a trade association representing over 90 iconic companies. Peer-to-peer car sharing companies host the platform that connect vehicle owners to people who need access to a car, including Alaska residents. It provides users more choices by allowing car-owning Alaskan residents an opportunity to rent their cars. She characterized TechNet as innovative, with a fundamentally different business model from car rental companies.

MS. SUTTON spoke in opposition to HB 90, which would impose a 10 percent tax on vehicle car-sharing platforms or an 8 percent tax for individual consumers. She urged members to follow model legislation adopted by NCOIL known as the Peer-to-Peer Car Sharing Act, covering consumer protection and minimum insurance coverage and licensing verification. Based on the robustness of the underlying Act, TechNet strongly encourages the committee to reference the heavily vetted model and work with stakeholders to craft legislation that appropriately addresses this business model.

MS. SUTTON stated that as many small businesses attempt to recover from the pandemic, TechNet recognizes the value of car sharing and the income-generating opportunities the peer-to-peer model offers Alaskans, the tourism industry in Alaska, and the broader economic ecosystem. She said HB 90 would stifle innovation and harm the Alaskan economy.

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SENATOR KIEHL noted that he had not reviewed NCOIL's model. He wondered how peer-to-peer was different and why it should have a different tax rate.

MS. SUTTON asked for clarification on the question.

[2:35:46 PM](#)

SENATOR MICCICHE offered to clarify Senator Kiehl's question. He asked why the peer-to-peer approach was different. He stated that the tax rate appears to be the same in Alaska for peer-to-peer and car rental companies. He acknowledged that legislators interpret a level-playing field differently depending on the industry. He asked why the state should tax peer-to-peer platforms at a different rate. The bill would require peer-to-peer platforms to collect the Alaska Vehicle Rental Tax at a lower rate. He asked why peer-to-peer platforms are different, if so if they should be taxed differently, and at what rate.

MS. SUTTON responded that TechNet believes policymakers should ensure that efforts to regulate the sharing economy protect innovation and not be overly burdensome. TechNet recognizes the unique nature of the sharing economy compared to traditional providers.

SENATOR MICCICHE asked if she was legal counsel to TechNet.

MS. SUTTON answered no.

SENATOR MICCICHE expressed his interest in the industry differences between peer-to-peer platforms and traditional car rental companies to understand better why they should be taxed differently. He recalled earlier testimony that peer-to-peer platforms maintain their cars differently, do not receive tax breaks, and did not receive CARES relief. He asked whether the legislature should consider a different tax rate for certain factors.

MS. SUTTON offered to check with TechNet's membership and report to the committee.

2:39:33 PM

BRIAN ROTHERY, Vice President, Governmental and Public Affairs, Enterprise Holdings, St. Louis, Missouri, stated that Enterprise Holdings did not receive any CARES Act funding. He offered his view that HB 90 does not accomplish much. It takes an existing tax and requires peer-to-peer platforms to collect and remit the tax because they are in the best position to do so. It makes a small concession to offer a lower rate, such as Florida's reduction from \$2 to \$1, and 8 percent in Alaska instead of 10 percent. Enterprise Holdings finds that acceptable because it is a larger company.

MR. ROTHERY indicated that Enterprise Holdings is interested in competing with a level-playing field, competing in a marketplace where government doesn't direct people to one competitor or another through policy. He stated that he did not understand why his customers should pay higher taxes than peer-to-peer platforms, especially in Alaska.

2:41:00 PM

MR. ROTHERY related that he had participated in the debate in other states. He stated that he helped develop NCOIL's Model Act. In most other states, the debate had centered on the notion that some Turo owners may have paid sales tax when they bought their car. However, sales tax has not been part of the issue in Alaska.

MR. ROTHERY said he did not understand why peer-to-peer platforms would not accept a lower rate and agree to collect and remit the tax on behalf of their customers as they have agreed to in other states.

MR. ROTHERY stated that Enterprise Holdings completely supports the NCOIL model since they helped develop it. He pointed out

that the second clause in NCOIL's model states that it does not address taxation. Thus, NCOIL's Model Act can move forward without specifically addressing taxation. He said that Enterprise Holding's position has always been that if states take the step of using NCOIL's model and the definition, they must also address taxes. He noted that NCOIL's model separates taxes from rentals.

MR. ROTHERY pointed out that he keeps hearing the word "sharing," but it is actually "renting." He stated that peer-to-peer platforms rent cars. He offered strong support for HB 90 in its current form.

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SENATOR MICCICHE stated his appreciation for Mr. Rothery's directness. He clarified that most communities in Alaska pay sales tax, but Anchorage residents do not.

[2:44:38 PM](#)

CHAIR MYERS asked what advantages rental car companies have that Alaska citizens do not. He wondered whether Enterprise Holdings pays a lower car insurance rate for the same coverage for individuals.

MR. ROTHERY answered that Enterprise Holdings obtains a self-insurance certificate, so the company does not purchase insurance.

CHAIR MYERS asked whether Enterprise Holdings obtains a discount rate from car manufacturers when it purchases new vehicles due to the volume of cars.

MR. ROTHERY answered that it stands to reason that volume discounts generally occur. For example, Hertz announced that they were purchasing 100,000 Tesla cars. Mr. Musk responded on Twitter that Hertz was paying the full retail price for the Tesla cars. Thus, it is not universally true that car rental companies always receive discounts especially when supply is tight. He wondered what incentive a manufacturer would have to sell cars to Enterprise when it could sell them at full retail value to another customer. He offered his view that there were market forces on both sides, so there wasn't an easy answer. Although some volume discounting occurs, it is probably less than some think. He was unsure this was the appropriate venue to discuss car rental companies' relationship with their manufacturers and the prices they pay for their cars.

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SENATOR MICCICHE stated his support for capitalism and profit. He said that Enterprise Holdings is a \$57 billion company that benefits from bulk purchasing, maintenance, and sales. The current full retail purchase was likely a temporary supply situation.

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SENATOR MICCICHE said he wants to consider everything to make a fair decision about HB 90. He offered his view that car rental companies, such as Enterprise Holdings, compete with a growing mom-and-pop industry that does not receive those benefits. He stated that he supports the car rental business model but focuses on determining the appropriate tax rates for peer-to-peer companies.

MR. ROTHERY asked the record to reflect that he represents Enterprise Holdings, which operates Enterprise, Alamo, and National car rental brands. The company is not publicly traded but is a privately held company. He stated that Enterprise began with a fleet of seven cars in 1957 and remained relatively small, predominantly in neighborhoods. He began working for Enterprise Holdings 25 years ago when the company did not have an airport branch but one nearby. His job was to drive the shuttle to pick up customers from the Saint Louis airport. He stated that the company understands hard work and growing the business, which it did not inherit from shareholders. Instead, Enterprise Holdings is very much in tune with the bare bones aspect of running a business, only recently accelerating growth into the airport market. He related that Enterprise Holdings found a way to compete within the rules. The company had consistently applied the vehicle rental tax to their customers, even as a small company. They never falsely argued that they were something different from a car rental. He offered his view that companies can succeed within a basic policy framework that treats the transaction similarly.

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SENATOR MICCICHE said he stood corrected and was unaware that Enterprise Holdings was still privately held.

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CARRIGAN GRIGSBY, Director, Sales and Real Estate, Avis Alaska, Anchorage, Alaska, stated that Avis Alaska is a statewide company. He offered his view that Enterprise Holdings and Turo were "battling it out" in numerous places, so their arguments were on a bigger scale than his. He indicated his focus was on

Alaska, noting that Avis Alaska is the largest car rental company in the state in terms of the number of locations and fleet size. Avis Alaska has 130 employees and has rented cars in Alaska since 1955. The company pays millions in rental car taxes to municipalities, boroughs, and the state and federal government.

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MR. GRIGSBY offered his view that it is Avis Alaska's legal and ethical responsibility as a corporate citizen to pay vehicle rental taxes. Their customers drive on the roads, stop at pullouts, and use parks, campgrounds, docks and facilities so they understand the need for a state vehicle tax. He said it seems disingenuous to argue about the terminology. From January 2020 through March 2022, Avis Alaska has paid \$3.3 million in Alaska Vehicle Rental Taxes to the state. Avis Alaska collects the tax from its customers. He noted that last summer the question was why rental cars were not available and this year people wonder why the rentals are so expensive. He acknowledged that rental car companies have experienced a huge fleet shortage.

MR. GRIGSBY said he is happy that Turo operates in Alaska because the company provides cars that are needed in the market. He said he had used Turo as a host and rental. He characterized Turo as providing a good niche for its customers. He offered his view that it was impressive that Turo could argue they shouldn't pay the tax. He agreed with Mr. Rothery that car rental companies have some advantages. He agreed that peer-to-peer networks could be charged a lower rate of 8 percent rather than the 10 percent charged to Alaska car rental companies. However, he disagreed that peer-to-peer platforms should be exempt from the tax.

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SENATOR KIEHL asked about the potential differences between peer-to-peer networks and car rental companies. He wondered whether car rental franchises qualified for CARES loans and grants.

MR. GRIGSBY answered yes. He said the Juneau Economic Development Corporation (JEDC) did a superb job. Avis Alaska received tax incentives for businesses but suffered a 50 percent loss. Instead of laying people off, they used the CARES funding to keep their employees employed.

SENATOR KIEHL stated that the Juneau Economic Development Corporation contracted for the state.

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SENATOR KIEHL noted that he had never rented a car with more than 10,000 to 15,000 miles, but he has rented cars from Turo with significantly more. He wondered about car rental companies' mileage rules and whether they were government-imposed.

MR. GRIGSBY answered that mileage was industry driven. He stated that the Anchorage International Airport has language regarding the maximum mileage in its lease. He offered his view that no one currently enforces those rules. He noted that Avis Alaska is spending money on tires and parts that it does not normally pay for because it usually sells the cars before replacements are needed. He noted that all the companies are operating higher mileage vehicles out of necessity due to vehicle shortages.

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SENATOR MICCICHE explained that the typical larger company business model is that used car sales finance new car purchases. He offered his view that it turned the industry upside down when the travel industry declined during COVID-19. Companies were forced to sell their vehicles to stay in business. He said that it has been tough to recover. He indicated that people anticipated that new cars would be available, which hasn't happened and has exacerbated the problem.

MR. GRIGSBY agreed that there is a considerable gap in the market. He acknowledged that Avis Alaska waited it out a few months before selling their fleet, partly because they could rent to a significant number of tourists traveling to Alaska in 2020 via the airlines.

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SENATOR MICCICHE said that the tourism industry on the Kenai Peninsula did well last year due to independent travelers. He offered his belief that the car rental companies and peer-to-peer companies should be able to dovetail, with Turo picking up the slack in the summer.

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SENATOR KIEHL recalled several years ago that the Municipality of Anchorage added an excise tax for vehicle rentals. He asked about Avis Alaska's customer response to the added charge.

MR. GRIGSBY responded that the Anchorage International Airport is the only international airport in Southcentral Alaska, so it wasn't as though customers could avoid the charge. He offered his view that increasing vehicle rental taxes for Turo or other rideshare companies would not cause travelers to avoid coming to Alaska during the summer. He explained that Avis Alaska offers car rental services in downtown Juneau for cruise passengers who are willing to pay for the convenience of quickly accessing their car rental even if they are paying an extra 10 percent in vehicle rental taxes.

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CHAIR MYERS closed public testimony on HB 90.

CHAIR MYERS held HB 90 in committee.

[3:07:28 PM](#)

There being no further business to come before the committee, Chair Myers adjourned the Senate Transportation Standing Committee meeting at 3:07 p.m.