

SB

14

<TARGET><BILL>SB 14</BILL><SUBJECT>SB
14</SUBJECT><COMM>HRLS30</COMM></TARGET>

HOUSE CS FOR CS FOR SENATE BILL NO. 14(RLS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATORS COSTELLO, MacKinnon, Hughes, Meyer

REPRESENTATIVES Wool, Pruitt, Millett, Saddler

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to transportation network companies and transportation network**
2 **company drivers; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 29.35.148(b) is amended to read:

5 (b) The prohibition on regulation under (a) of this section does not include

6 (1) imposition of a municipal sales tax on a transportation network
7 company driver that taxes a trip originating in the municipality in the same manner
8 that other services are taxed in the municipality; **in imposing a sales tax as permitted**
9 **by this paragraph, a municipality may require the transportation network**
10 **company to collect and pay the municipal sales tax on behalf of transportation**
11 **network company drivers;**

12 (2) a municipal traffic ordinance.

13 *** Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

ALASKA STATE LEGISLATURE



HOUSE RULES COMMITTEE

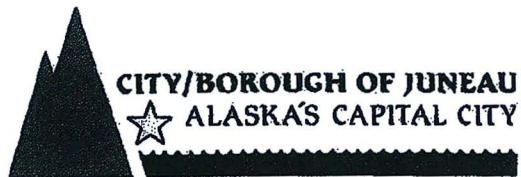
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Explanation of Changes

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.



OFFICE OF THE MANAGER

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Rorie.Watt@juneau.org

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", written in a cursive style.

Duncan Rorie Watt
City and Borough Manager



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April 10, 2018

Representative Gabrielle LeDoux
House Rules Committee
Alaska State Capitol, Room 216
Juneau, Alaska 99811

RE: SB 14: An Act relating to transportation network companies and transportation network company drivers; and providing for an effective date.

Dear Rep. LeDoux,

As you know, the Alaska Municipal League was opposed, during last years' session, to HB 123 and SB 14 not because of the specific target businesses and what they provide, but instead due to the Legislature's allowance of an industry setting up business in Alaska's municipalities totally free of any local regulation. This lack of regulation put municipalities into the position of having one industry, singled out by the Legislature, that could not be required to even pay a local sales tax, as the way the bill was written, we had no way to obtain records.

To that end, the City & Borough of Juneau has been working on a solution to this dilemma and we would like to offer our full support of the House CS for CS for SB 14, which includes language allowing the municipality to require the transportation network company to collect and pay the municipal sales tax on behalf of transportation network company drivers.

We would like to thank the House for your work on this bill. The passage of this CS would simplify this issue and require TNCs to collect and pay sales tax on behalf of their drivers. This language would go a long way in correcting the problems of these original bills.

Sincerely,

Kathie Wasserman
Executive Director