

Chairman Olson, Vice Chair Billinger, Distinguished Members of the Committee:

My name is Laura Manno and I am a Senior Government Relations Manager with Turo. Thank you for the opportunity to speak today in opposition of SB 352.

As the largest peer-to-peer car sharing marketplace, Turo provides the opportunity for car owners ("hosts") to share their cars with their neighbors or with visitors to their communities. Hosts earn extra income from the sharing of their own assets to offset the high costs of car ownership, or lessen the burden of credit card debt, student loans, or even medical bills. In Kansas, over 700 of your constituents have signed up to host a car on Turo.

Guests, who are also often local, enjoy the opportunity to choose an exact make, model, and price point to suit their specific needs or take them on their next adventure. Over 33,000 Kansans have already signed up to use Turo. Hosts and guests are directly connected via the Turo app or website, and make arrangements where the host, not Turo, decides pricing, mileage, delivery, and any extras. The platform charges a percentage of the transaction, often around 25%, and provides the insurance protections required by law.

Unfortunately, if enacted, SB 352 would grossly limit the ability of Kansans to share their own vehicles on platforms like Turo by seeking to define our hosts (your constituents) as rental car companies, and imposing burdensome regulations that do not take into consideration the stark differences between car sharing and traditional rentals, including the extraordinary tax loopholes enjoyed solely by the rental car industry.

Peer-to-peer car sharing platforms are fundamentally different from traditional rental car companies. Turo does not own, buy, or sell any vehicles. Turo hosts purchase their vehicles at retail price, paying sales tax at the time of the transaction, along with the appropriate registration and licensing fees that all personal car owners pay. Unlike Turo and our hosts, rental car companies own entire fleets of vehicles that they purchase wholesale exempt from sales tax, use those cars for rental purposes generating revenue for the industry including by passing the operational costs of licensing those vehicles onto customers via a misleading, non-optional charge to the tune of \$4.2 million in Kansas, then sell those same vehicles at retail, often yielding a profit on the original purchase price.

The state of Kansas has lost more than \$33 million in sales tax revenue to this rental car loophole, while Turo hosts have paid over \$1.25 million in sales tax on the purchase of their vehicles. Coupled with the \$4.2 million in vehicle licensing fees recovered by the rental industry, with no mechanism to determine if the mandatory fees they pass on to customers are collecting more than the actual cost of licensing their vehicles, the rental car industry enjoys a revenue windfall through tax exemptions that Turo and our hosts will never see. Instead, Turo hosts have purchased their vehicles at retail price, paid the applicable sales tax and licensing fees associated with owning that vehicle, and are merely trying to use an asset they own

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outright that is otherwise depreciating in value in their driveway to bring some much needed extra income into their households.

Simply put, considering these industries as one and the same as SB 352 does, and applying an additional tax on peer-to-peer car sharing, would result in triple taxing the individual car owner or host who has already paid sales tax and licensing fees on the purchase of their vehicle while rental car companies have not. You'll hear today that this bill is seeking to create a level playing field, but I caution you to consider that level playing fields are only possible when they are level from the start. In this case, the argument of "tax parity" expressed by those in support of this bill is really an argument for a tax increase on your constituents.

The peer-to-peer car sharing industry is not opposed to regulation. In fact, Turo welcomes a robust discussion on how to properly tax and regulate this new industry in a way that takes into consideration the unique facts and circumstances of how we operate, just as the rental car industry was afforded the opportunity to be regulated based on the facts and circumstances of their own model. This was proven true in 2018, when the peer-to-peer car sharing industry collaborated with the American Property and Casualty Insurers Association (APCIA) to draft model legislation that carefully and thoroughly creates a balanced approach to regulating peer-to-peer car sharing. Indiana enacted comprehensive peer-to-peer legislation based upon the model in mid-2019. Subsequently, in December 2019, the Council of State Governments included the model in its Suggested State Legislation docket, further validating it as the default, consensus approach for regulating peer-to-peer at a state level.

In addition, the National Council of Insurance Legislators (NCOIL) also adopted the negotiated model bill as the NCOIL model of proper regulation of the peer-to-peer car sharing industry. The broad adoption and endorsement of the model legislation as the preferred consensus regulatory framework represents a dramatic shift in the legislative landscape over the past two years. The hallmarks of that shift include (1) broad agreement that any legislative effort must clearly distinguish peer-to-peer from car rental; (2) peer-to-peer and car rental represent different business models and are therefore separate industry sectors; (3) any consideration of tax policy in this arena must first acknowledge and take into account the enormous tax subsidies already accorded to the traditional brick-and-mortar rental car companies at the federal, state and local level, most prominently the exemption from sales tax on the purchase of a vehicle - a tax subsidy that no peer-to-peer host enjoys. The bill before you today, SB 352, is not the NCOIL model bill.

The definitions in SB 352 are in direct conflict with the spirit and intention of the NCOIL model bill. While the model clearly and explicitly defines peer-to-peer car sharing as distinctly different from traditional rental car, SB 352 attempts to define the industries as one and the same by stripping negotiated language from the bill. The definitions in the model bill were crafted to distinguish peer-to-peer from rental car. The rest of the issues with the bill and its intended interpretations stem from these flawed definitions.

The NCOIL model bill does not include any tax language. This point was negotiated and agreed upon during the model legislation process. The tax language included in SB 352 subjects the platform as well as the customer to sales and use tax and forces the platform to collect and remit sales tax from the customer. Currently, there is no statute in Kansas that requires a platform to collect and remit this tax. This provision would force peer-to-peer car sharing platforms onto a tax island unto themselves and require them to not only pay a sales tax, but also collect and remit sales tax from the customer - essentially double taxing a transaction. Additionally, the aforementioned definition changes leave the bill open to an interpretation that would subject peer-to-peer car sharing to the rental car excise tax - a tax that does NOT take into consideration the extraordinary tax loopholes enjoyed solely by the rental car industry; namely, a \$33.2 million benefit to the car rental industry in sales tax exemptions when purchasing their fleets of vehicles. This contrasts sharply with the \$1.25 million in sales taxes already paid by Kansans who purchased and are sharing their cars.

The NCOIL model bill does not include airport language. The inclusion of airport requirements in SB 352 is another attempt to define peer-to-peer car sharing as rental car, and it features many flaws. Airports are already able to enter into agreements with vendors who use airport property and services. Reiterating this through a requirement in statute would be redundant at best, and punitive at worst as these specific airport provisions seek to require the peer-to-peer car sharing industry to pay fees established specifically in response to the unique impact the rental car industry has on airports from infrastructure development to use of space for parking cars, none of which are impacts placed on the airport by the existence of car sharing.

SB 352 is not the model bill adopted by NCOIL and enacted in Indiana and included in the CSG-SSL docket in December 2019. SB 352 was not negotiated with the stakeholders included in the NCOIL process. The rental car industry has dramatically changed the NCOIL model and is attempting to pass it off as the original version, which was negotiated in a process in which they participated.

If SB 352 were enacted, Kansas would be the first state in the country to equate peer-to-peer car sharing with rental car, a step backward from the national trend toward differentiation and tailored, appropriate regulation of a new industry.

Turo believes strongly in the American values of competition and innovation. Our hosts are doing what we ask all Americans to do - find unique ways to participate in a changing economy, pulling themselves up by their proverbial bootstraps. Unfortunately, this bill effectively severs those bootstraps by potentially taxing hosts out of existence and eliminating their opportunity to use an asset they own to bring in extra income.

On behalf of Turo, and especially on behalf of our hosts and guests in Kansas, I thank you for

your time and look forward to continuing the dialogue.