



Peer-to- Peer Car Sharing

TURO IN CONNECTICUT

SINCE ITS 2012 NATIONWIDE LAUNCH

43,000+

Days of Car Sharing

2,400+

Turo hosts

100,900+

Locals signed up
for Turo

\$130

Average host
earnings per month

Source: Turo

What is Peer-to-Peer Car Sharing?

Peer-to-peer (P2P) car sharing refers to sharing privately-owned vehicles, for money, over an internet platform operated by a third-party. It is often referred to as “Airbnb for cars,” highlighting its similarity to other business models in the “sharing economy.” The most prominent P2P car sharing company is Turo, which is available in every state but New York.

How does P2P Car Sharing Compare to Traditional Car Rental?

Traditional car rental companies say there is no difference between them and P2P car rental companies because they provide the same service — the temporary transfer of a vehicle, without a driver, for money.

But car sharing companies say they are not like car rental companies because they do not own cars, set rates, or arrange for delivery. Instead, they say they are technology companies providing platforms to facilitate private transactions and charging fees for that access (see [public hearing testimony](#), Connecticut Senate Bill (SB) 216 (2020)).

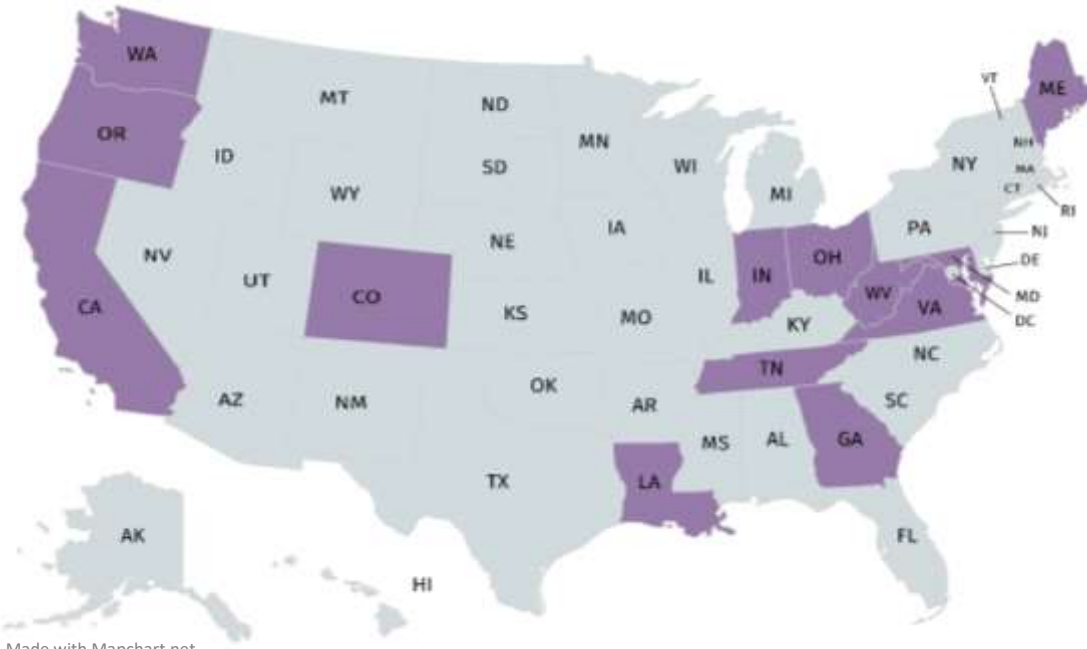
What is the Issue for Lawmakers?

The [National Conference of State Legislatures](#) (NCSL) cites promoting innovation, greater consumer choice, and car ownership expense reduction as some of the benefits to P2P car sharing. But this business model is a challenge for states because it often falls into a legal gray area.

P2P car sharing companies may not be legally considered car rental companies, and existing state laws related to car rental safety, insurance, and taxation may not neatly apply to the business model. Therefore, states are increasingly considering how P2P car sharing operates within their existing regulatory schemes and deciding whether, and if so how, the business should be regulated. While P2P companies do not generally oppose state regulation, they want any regulation to be specifically tailored to their business model.

State Action

13 states have laws regulating P2P car sharing companies separately from traditional car rental companies. Many more have considered legislation to do so, including Connecticut.



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Elements of P2P Car Sharing Legislation

Insurance and Liability

State insurance laws often do not apply neatly to P2P car sharing, and without state regulation, owners and drivers engaging in car sharing may unknowingly have coverage gaps and incur liability. In 2019, the National Conference of Insurance Legislators developed a [model act](#) to help states address insurance-related concerns with P2P car sharing. Every state with a P2P car sharing law addresses insurance concerns, such as setting minimum coverage requirements.

Consumer Protection

Many state laws regulating P2P car sharing include provisions on consumer protection and public safety. A common requirement is for companies to verify that the vehicles listed on their platform have no unresolved safety recalls. Other provisions include such things as driver's license verification and rate disclosure.

Taxes and Surcharges

Most states levy a specific surcharge on rental cars, usually in addition to the general sales tax. Five states regulating P2P car sharing have provisions on taxation and fees. The laws include such things as extending sales tax to car sharing; subjecting car sharing to, or exempting it from, rental car taxes and fees; having a separate car sharing tax; and requiring the companies to collect and remit sales taxes owed by vehicle owners or drivers.

Airport Use

States addressing airport use by P2P car sharing companies typically do so by requiring them to enter into agreements with airport operators in the same way that other service providers do. Some specify that (1) the agreements can impose fees and (2) airports can adopt car sharing rules.

Connecticut Legislation

SB 216 (2020) would have required the Department of Motor Vehicles to study whether existing car rental laws should be extended to P2P car sharing and make recommendations for car sharing legislation. The Transportation Committee held a public hearing on the bill, but the committee did not act on any bills before the legislative session was adjourned due to COVID-19 concerns.

Learn
More

"Connecticut Car Rental Laws and Car Sharing Services," OLR Report [2018-R-0326](#)

"Peer-to-Peer Car Sharing," OLR Report [2020-R-0172](#)

"[Car Sharing](#)," NCSL, Jan. 14, 2020

"[The 'Airbnb of Cars' Gets Heat From the Rental Car Industry](#)," Bloomberg City Lab, May 14, 2019



OFFICE OF LEGISLATIVE RESEARCH

Analyst: Heather Poole
Connecticut General Assembly
860-240-8400 | www.cga.ct.gov/olr