



House of Representatives

File No. 756

General Assembly

January Session, 2021 **(Reprint of File No. 474)**

Substitute House Bill No. 6568
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 28, 2021

AN ACT CONCERNING PEER-TO-PEER CAR SHARING.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2022*) For the purposes of this
2 section and sections 2 to 13, inclusive, of this act:

3 (1) "Peer-to-peer car sharing" means the authorized use of a shared
4 vehicle for a consideration by a person other than the shared vehicle
5 owner through a car sharing platform.

6 (2) "Peer-to-peer car sharing company" or "company" means any
7 person, corporation, limited partnership or other legal entity that is
8 engaged in the business of operating a car sharing platform to enable
9 peer-to-peer car sharing in this state. "Peer-to-peer car sharing
10 company" does not include any person licensed pursuant to section 14-
11 15 of the general statutes.

12 (3) "Car sharing platform" means a physical or electronic place,

13 including, but not limited to, a store, a booth, an Internet web site, a
14 catalog or a dedicated software application that allows a shared vehicle
15 owner to make a shared vehicle available for peer-to-peer car sharing
16 and connect a shared vehicle owner with a shared vehicle driver.

17 (4) "Car sharing agreement" means the terms and conditions
18 applicable to a shared vehicle owner and a shared vehicle driver that
19 govern the use of a shared vehicle.

20 (5) "Shared vehicle" means a vehicle that is available for sharing on a
21 car sharing platform. "Shared vehicle" does not include a passenger
22 motor vehicle used for rental purposes by any person licensed pursuant
23 to section 14-15 of the general statutes.

24 (6) "Shared vehicle driver" means a person authorized by the shared
25 vehicle owner to drive the shared vehicle under a car sharing
26 agreement.

27 (7) "Shared vehicle owner" means the registered owner, or a person
28 or entity designated by the registered owner, of a vehicle made available
29 on a car sharing platform.

30 (8) "Car sharing delivery period" means the period of time during
31 which a shared vehicle is being delivered to the location of the car
32 sharing start time, if applicable, as documented by the car sharing
33 agreement.

34 (9) "Car sharing period" means the period of time that begins at the
35 start of the car sharing delivery period or, if there is no car sharing
36 delivery period, that begins at the car sharing start time, and ends at the
37 car sharing termination time.

38 (10) "Car sharing start time" means the time when a shared vehicle
39 driver takes possession and control of the shared vehicle at or after the
40 time the reservation of a shared vehicle is scheduled to begin pursuant
41 to a car sharing agreement.

42 (11) "Car sharing termination time" means the earliest of the

43 following events:

44 (A) The expiration of the agreed upon period of time established for
45 the use of a shared vehicle according to the terms of the car sharing
46 agreement if the shared vehicle is delivered to the location agreed upon
47 in such agreement;

48 (B) When the shared vehicle is returned to a location as alternatively
49 agreed upon by the shared vehicle owner and shared vehicle driver as
50 communicated through a car sharing platform and incorporated into the
51 car sharing agreement; or

52 (C) When the shared vehicle owner or the shared vehicle owner's
53 authorized designee takes possession and control of the shared vehicle.

54 Sec. 2. (NEW) (*Effective January 1, 2022*) (a) Except as provided in
55 subsection (b) of this section, a peer-to-peer car sharing company shall
56 assume liability of a shared vehicle owner for bodily injury or property
57 damage to third parties, or uninsured and underinsured motorist or
58 personal injury protection losses, during the car sharing period in an
59 amount stated in the peer-to-peer car sharing agreement, but not less
60 than the minimum amounts required by subsection (a) of section 14-112
61 of the general statutes.

62 (b) The assumption of liability under subsection (a) of this section
63 shall not apply to any shared vehicle owner who: (1) Makes an
64 intentional or fraudulent material misrepresentation or omission to the
65 peer-to-peer car sharing company or on the car sharing platform before
66 the car sharing period in which the liability arose; or (2) acts in concert
67 with a shared vehicle driver who fails to return the shared vehicle
68 pursuant to the car sharing agreement.

69 (c) A peer-to-peer car sharing company shall ensure that, during each
70 car sharing period, the shared vehicle owner and the shared vehicle
71 driver are insured under an automobile liability insurance policy that:
72 (1) Provides insurance coverage in amounts not less than the minimum
73 amounts required by subsection (a) of section 14-112 of the general

74 statutes; and (2) recognizes that the shared vehicle insured under the
75 policy is made available and used through a car sharing platform, or
76 does not exclude the use of a shared vehicle by a shared vehicle driver.

77 (d) The coverage requirements of subsection (c) of this section may
78 be satisfied by an automobile liability insurance maintained by the
79 shared vehicle owner, the shared vehicle driver, the peer-to-peer car
80 sharing company or the shared vehicle owner, the shared vehicle driver
81 and the peer-to-peer car sharing company.

82 (e) The automobile liability insurance maintained pursuant to
83 subsection (d) of this section shall assume primary liability for a claim:

84 (1) During each car sharing period;

85 (2) When a dispute exists as to who was in control of the shared
86 vehicle at the time of the loss and the peer-to-peer car sharing company
87 does not have available, did not retain or fails to provide the information
88 required by section 5 of this act that relates to the claim; or

89 (3) When a dispute exists as to whether the shared vehicle was
90 returned to the alternatively agreed upon location as communicated
91 through the car sharing platform and incorporated into the car sharing
92 agreement.

93 (f) If a claim occurs during the car sharing period in another state with
94 minimum financial responsibility requirements that are higher than the
95 minimum amounts required by subsection (a) of section 14-112 of the
96 general statutes, the automobile liability insurance policy maintained
97 pursuant to subsection (d) of this section shall provide coverage to
98 satisfy the minimum amounts required by the other state, up to the
99 applicable policy limits.

100 (g) If an automobile liability insurance policy maintained by a shared
101 vehicle owner or shared vehicle driver has lapsed or does not provide
102 the coverage required pursuant to subsection (c) of this section, the peer-
103 to-peer car sharing company's automobile liability insurance policy

104 shall provide such coverage, beginning with the first dollar of a claim,
105 and the insurance company issuing such policy shall have the duty to
106 defend a claim except under circumstances as set forth in subsection (b)
107 of this section.

108 (h) Coverage under an automobile insurance policy maintained by
109 the peer-to-peer car sharing company shall not be contingent on another
110 automobile insurance company first denying a claim, nor shall such
111 other insurance company be required to first deny a claim.

112 (i) Nothing in this section shall:

113 (1) Limit the liability of the peer-to-peer car sharing company for any
114 act or omission of the company that results in bodily injury to any
115 person as a result of the use of a shared vehicle through a car sharing
116 platform; or

117 (2) Limit the ability of the peer-to-peer car sharing company to
118 contract for indemnification from the shared vehicle owner or the
119 shared vehicle driver for economic loss sustained by the company
120 resulting from a breach of the terms and conditions of the car sharing
121 agreement.

122 Sec. 3. (NEW) (*Effective January 1, 2022*) When a vehicle owner
123 registers as a shared vehicle owner with a peer-to-peer car sharing
124 company but before the shared vehicle is made available on the car
125 sharing platform, the peer-to-peer car sharing company shall notify the
126 shared vehicle owner that, if the shared vehicle has a lien against it, the
127 use of the shared vehicle through a car sharing platform, including use
128 without physical damage coverage, may violate the terms of the contract
129 with the lienholder.

130 Sec. 4. (NEW) (*Effective January 1, 2022*) (a) An insurance company
131 that offers automobile liability insurance coverage in this state may offer
132 automobile liability insurance policies to individuals that exclude any
133 or all coverage and the duty to defend or indemnify any claim afforded
134 under a shared vehicle owner's automobile liability insurance policy.

135 Such exclusions may include, but are not limited to: (1) Liability
136 coverage for bodily injury and property damage; (2) personal injury
137 protection coverage; (3) uninsured and underinsured motorist coverage;
138 (4) medical payments coverage; (5) comprehensive physical damage
139 coverage; or (6) collision physical damage coverage.

140 (b) Nothing in this section shall be construed to: (1) Invalidate or limit
141 an exclusion contained in an automobile liability insurance policy,
142 including any insurance policy that excludes coverage for motor
143 vehicles made available for rent, sharing, hire or business use, or (2)
144 invalidate, limit or restrict an insurance company that offers automobile
145 liability insurance coverage to underwrite, cancel or not renew any
146 insurance policy.

147 Sec. 5. (NEW) (*Effective January 1, 2022*) A peer-to-peer car sharing
148 company shall collect and verify records pertaining to the use of a
149 shared vehicle, including, but not limited to, the times used, location of
150 the car sharing start time and car sharing termination time, car sharing
151 period fees paid by the shared vehicle driver and revenues received by
152 the shared vehicle owner. The company shall provide such records: (1)
153 Upon request to the shared vehicle owner, the shared vehicle owner's
154 insurance company or the shared vehicle driver's insurance company to
155 facilitate a claim coverage investigation, settlement, negotiation or
156 litigation, or (2) as required by an agreement entered into pursuant to
157 section 13 of this act. The company shall retain the records for a time
158 period not less than the applicable personal injury statute of limitations.

159 Sec. 6. (NEW) (*Effective January 1, 2022*) A peer-to-peer car sharing
160 company and a shared vehicle owner shall be exempt from vicarious
161 liability in accordance with 49 USC 30106, as amended from time to
162 time, and under any state law or municipal ordinance that imposes
163 liability solely based on vehicle ownership.

164 Sec. 7. (NEW) (*Effective January 1, 2022*) An insurance company that
165 defends or indemnifies a claim against a shared vehicle that is excluded
166 under the terms of its automobile liability insurance policy shall have a

167 right to seek recovery against the insurance company of the peer-to-peer
168 car sharing company if the claim is: (1) Made against the shared vehicle
169 owner or the shared vehicle driver for loss or injury that occurs during
170 the car sharing period; and (2) excluded under the terms of its policy.

171 Sec. 8. (NEW) (*Effective January 1, 2022*) (a) A peer-to-peer car sharing
172 company shall have an insurable interest in a shared vehicle during the
173 car sharing period. Nothing in this subsection shall create liability for a
174 peer-to-peer car sharing company for failure to maintain the insurance
175 coverage required pursuant to section 2 of this act.

176 (b) A peer-to-peer car sharing company may own and maintain, as
177 the named insured, one or more policies of automobile liability
178 insurance that provides coverage for: (1) Liability assumed by the peer-
179 to-peer car sharing company under a car sharing agreement; (2) any
180 liability of the shared vehicle owner; (3) damage or loss to the shared
181 vehicle; or (4) any liability of the shared vehicle driver.

182 Sec. 9. (NEW) (*Effective January 1, 2022*) Each car sharing agreement
183 shall, at a minimum, disclose to the shared vehicle owner and the shared
184 vehicle driver:

185 (1) Any right of the peer-to-peer car sharing company to seek
186 indemnification from the shared vehicle owner or the shared vehicle
187 driver for economic loss sustained by the company resulting from a
188 breach of the terms and conditions of the car sharing agreement;

189 (2) That an automobile liability insurance policy issued to the shared
190 vehicle owner for the shared vehicle or to the shared vehicle driver does
191 not provide a defense or indemnification for any claim asserted by the
192 peer-to-peer car sharing company;

193 (3) That the peer-to-peer car sharing company's insurance coverage
194 on the shared vehicle owner and the shared vehicle driver is in effect
195 only during each car sharing period and that, for any use of the shared
196 vehicle by the shared vehicle driver after the car sharing termination
197 time, the shared vehicle driver and the shared vehicle owner may not

198 have insurance coverage;

199 (4) The daily rate, fees and, if applicable, any insurance or protection
200 package costs that are charged to the shared vehicle owner or the shared
201 vehicle driver;

202 (5) That the shared vehicle owner's automobile liability insurance
203 may not provide coverage for a shared vehicle;

204 (6) An emergency telephone number to personnel capable of
205 answering calls for roadside assistance and other customer service
206 inquiries; and

207 (7) If there are conditions under which a shared vehicle driver shall
208 maintain a personal automobile insurance policy with certain applicable
209 coverage limits on a primary basis to book a shared vehicle.

210 Sec. 10. (NEW) (*Effective January 1, 2022*) (a) A peer-to-peer car sharing
211 company may not enter into a car sharing agreement with a shared
212 vehicle driver unless the shared vehicle driver holds an operator's
213 license, as defined in section 14-1 of the general statutes, that authorizes
214 the driver to operate a motor vehicle of the same class as the shared
215 vehicle.

216 (b) A peer-to-peer car sharing company shall keep a record of: (1) The
217 name and address of the shared vehicle driver; (2) the number of the
218 operator's license of each shared vehicle driver; and (3) the place of
219 issuance of the operator's license.

220 Sec. 11. (NEW) (*Effective January 1, 2022*) A peer-to-peer car sharing
221 company is responsible for any equipment, such as a global positioning
222 system, that is put in or on the shared vehicle to monitor or facilitate the
223 car sharing transaction. The company shall indemnify and hold
224 harmless the shared vehicle owner for any damage to or theft of such
225 equipment during the car sharing period, unless caused by the vehicle
226 owner. The company has the right to seek indemnification from the
227 shared vehicle driver for any loss or damage to such equipment that

228 occurs during the car sharing period.

229 Sec. 12. (NEW) (*Effective January 1, 2022*) (a) When a shared vehicle
230 owner registers a shared vehicle with a peer-to-peer car sharing
231 company but before the shared vehicle is available on the car sharing
232 platform, the company shall: (1) Verify that the shared vehicle is not
233 subject to a safety recall for which the repairs have not been made; and
234 (2) notify the shared vehicle owner of the requirements under
235 subsection (b) of this section.

236 (b) (1) If a shared vehicle owner received an actual notice of a safety
237 recall for the shared vehicle, the shared vehicle owner shall not make
238 the shared vehicle available on the car sharing platform until the safety
239 recall repair has been made.

240 (2) If a shared vehicle owner receives an actual notice of a safety recall
241 for a shared vehicle while the shared vehicle is available on the car
242 sharing platform, the shared vehicle owner shall remove the shared
243 vehicle's availability on the platform as soon as practicable after
244 receiving such notice and until the safety recall repair has been made.

245 (3) If a shared vehicle owner receives an actual notice of a safety recall
246 for a shared vehicle during the car sharing period, the shared vehicle
247 owner shall notify both the shared vehicle driver and the peer-to-peer
248 car sharing company of the safety recall as soon as practicable.

249 Sec. 13. (NEW) (*Effective January 1, 2022*) A peer-to-peer car sharing
250 company shall not permit the operation of peer-to-peer car sharing at
251 Bradley International Airport unless such company enters into an
252 agreement with the Connecticut Airport Authority, established
253 pursuant to section 15-120bb of the general statutes. The Connecticut
254 Airport Authority may charge and collect a reasonable fee from any
255 such company for the privilege of operating peer-to-peer car sharing at
256 such airport.

257 Sec. 14. (NEW) (*Effective January 1, 2022*) (a) As used in this section:

258 (1) "Peer-to-peer car sharing facilitator" means any peer-to-peer car
259 sharing company that (A) facilitates retail sales of at least two hundred
260 fifty thousand dollars during the prior twelve-month period by shared
261 vehicle owners by providing a car sharing platform; (B) directly or
262 indirectly through agreements or arrangements with third parties,
263 collects payment for peer-to-peer car sharing and remits payments to
264 the shared vehicle owners; and (C) receives compensation or other
265 consideration for such services; and

266 (2) "Peer-to-peer car sharing company", "shared vehicle owner", "car
267 sharing platform" and "peer-to-peer car sharing" have the same
268 meanings as provided in section 1 of this act.

269 (b) A peer-to-peer car sharing facilitator shall be required to obtain a
270 permit to collect the tax set forth in subparagraph (G) of subdivision (1)
271 of section 12-408 of the general statutes, as amended by this act, and
272 shall be considered the retailer for each retail sale of peer-to-peer car
273 sharing for a period of thirty consecutive calendar days or less that such
274 facilitator facilitates on its car sharing platform for a shared vehicle
275 owner. Each peer-to-peer car sharing facilitator shall (1) be required to
276 collect and remit for each such sale any tax imposed under section 12-
277 408 of the general statutes, as amended by this act, (2) be responsible for
278 all obligations imposed under chapter 219 of the general statutes as if
279 such facilitator was the owner of the shared vehicle and retailer for such
280 sale, and (3) keep such records and information as may be required by
281 the Commissioner of Revenue Services to ensure proper collection and
282 remittance of such tax.

283 (c) A shared vehicle owner shall not be liable for the collection of the
284 tax set forth in subparagraph (G) of subdivision (1) of section 12-408 of
285 the general statutes, as amended by this act, to the extent the peer-to-
286 peer car sharing facilitator collected the tax due on such sale.

287 Sec. 15. Subparagraph (G) of subdivision (1) of section 12-408 of the
288 general statutes is repealed and the following is substituted in lieu
289 thereof (*Effective January 1, 2022, and applicable to sales occurring on or after*

290 *January 1, 2022*):

291 (G) With respect to the rental or leasing of a passenger motor vehicle
292 or peer-to-peer car sharing, as defined in section 1 of this act, for a period
293 of thirty consecutive calendar days or less, at a rate of nine and thirty-
294 five-hundredths per cent;

295 Sec. 16. Subparagraph (G) of subdivision (1) of section 12-411 of the
296 general statutes is repealed and the following is substituted in lieu
297 thereof (*Effective January 1, 2022, and applicable to sales occurring on or after*
298 *January 1, 2022*):

299 (G) With respect to the rental or leasing of a passenger motor vehicle
300 or peer-to-peer car sharing, as defined in section 1 of this act, for a period
301 of thirty consecutive calendar days or less, at a rate of nine and thirty-
302 five-hundredths per cent;

303 Sec. 17. Section 12-665 of the general statutes is repealed and the
304 following is substituted in lieu thereof (*Effective January 1, 2022, and*
305 *applicable to car sharing agreements executed on or after January 1, 2022*):

306 A surcharge is hereby imposed on (1) the rental or leasing, for a
307 period of thirty consecutive calendar days or less, of a passenger motor
308 vehicle by any person licensed pursuant to section 14-15, [Said] and (2)
309 peer-to-peer car sharing for a period of thirty consecutive calendar days
310 or less. Such surcharge shall be in addition to any tax otherwise
311 applicable to any such transaction. No surcharge shall be imposed
312 under this section for the rental or leasing of a motor vehicle or for peer-
313 to-peer car sharing pursuant to a written agreement or a car sharing
314 agreement having a term of more than thirty days. For the purposes of
315 this section, "peer-to-peer car sharing" and "car sharing agreement" have
316 the same meanings as provided in section 1 of this act.

317 Sec. 18. Section 12-666 of the general statutes is repealed and the
318 following is substituted in lieu thereof (*Effective January 1, 2022, and*
319 *applicable to car sharing agreements executed on or after January 1, 2022*):

320 (a) For the purposes of this section, "peer-to-peer car sharing
321 facilitator" has the same meaning as provided in section 14 of this act,
322 and "car sharing period", "shared vehicle driver" and "peer-to-peer car
323 sharing" have the same meanings as provided in section 1 of this act.

324 ~~[(a)]~~ (b) The surcharge imposed by section 12-665, as amended by this
325 act, shall be at a rate of one dollar for each day, or portion thereof, up to
326 thirty days, (1) for which the lessor charges the lessee for the rental or
327 lease of such a motor vehicle, and (2) that is included in the car sharing
328 period.

329 ~~[(b)]~~ (c) Reimbursement for the surcharge imposed by section 12-665,
330 as amended by this act, shall be collected by the lessor from the lessee
331 or by the peer-to-peer car sharing facilitator from the shared vehicle
332 driver, as applicable, and such surcharge reimbursement, termed
333 "surcharge" in this subsection, shall be paid by the consumer to the
334 retailer and each retailer shall collect from the consumer the full amount
335 of the surcharge imposed by section 12-665, as amended by this act. Such
336 surcharge shall be a debt from the lessee to the lessor, when so added to
337 the original lease or rental price or from the shared vehicle driver to the
338 peer-to-peer car sharing facilitator, when so added to the original price
339 for peer-to-peer car sharing, and shall be recoverable at law in the same
340 manner as other debts.

341 (d) Whenever such surcharge, payable by the consumer with respect
342 to a charge account or credit sale is remitted by the retailer to the
343 commissioner and such sale as an account receivable is determined to
344 be worthless and is actually written off as uncollectible for federal
345 income tax purposes, the amount of such surcharge remitted may be
346 credited against the surcharge due on the surcharge return filed by the
347 retailer for the monthly or quarterly period, whichever is applicable,
348 next following the period in which such amount is actually so written
349 off, but in no event shall such credit be allowed later than three years
350 following the date such surcharge is remitted. The commissioner shall,
351 by regulations adopted in accordance with chapter 54, provide
352 standards for proving any such claim for credit. If any account with

353 respect to which such credit is allowed is thereafter collected by the
 354 retailer in whole or in part, the amount so collected shall be included in
 355 the surcharge return covering the period in which such collection
 356 occurs.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2022</i>	New section
Sec. 2	<i>January 1, 2022</i>	New section
Sec. 3	<i>January 1, 2022</i>	New section
Sec. 4	<i>January 1, 2022</i>	New section
Sec. 5	<i>January 1, 2022</i>	New section
Sec. 6	<i>January 1, 2022</i>	New section
Sec. 7	<i>January 1, 2022</i>	New section
Sec. 8	<i>January 1, 2022</i>	New section
Sec. 9	<i>January 1, 2022</i>	New section
Sec. 10	<i>January 1, 2022</i>	New section
Sec. 11	<i>January 1, 2022</i>	New section
Sec. 12	<i>January 1, 2022</i>	New section
Sec. 13	<i>January 1, 2022</i>	New section
Sec. 14	<i>January 1, 2022</i>	New section
Sec. 15	<i>January 1, 2022, and applicable to sales occurring on or after January 1, 2022</i>	12-408(1)(G)
Sec. 16	<i>January 1, 2022, and applicable to sales occurring on or after January 1, 2022</i>	12-411(1)(G)
Sec. 17	<i>January 1, 2022, and applicable to car sharing agreements executed on or after January 1, 2022</i>	12-665
Sec. 18	<i>January 1, 2022, and applicable to car sharing agreements executed on or after January 1, 2022</i>	12-666

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
CT Airport Authority	Bradley International Airport Fund - Potential Revenue Gain	See Below	See Below
Department of Revenue Services	Various - Revenue Gain (net)	Up to \$2.1 million	Up to \$4.8 million

Note: Various=Various

Municipal Impact: None

Explanation

The bill includes the following provisions which results in the fiscal impact noted below.

Sections 1 - 12 concern insurance requirements for private businesses, are technical in nature, or otherwise do not have a fiscal impact to the state.

Section 13 allows the Connecticut Airport Authority to collect fees from peer-to-peer (P2P) car sharing programs operating at Bradley International Airport and results in a potential revenue gain to the authority. The level of revenue gain is dependent on 1) the number of programs that will operate at Bradley and 2) the terms of the agreements.

Sections 14 - 18 result in a net revenue gain to the state of up to \$2.1

million in FY 22 and up to \$4.8 million annually thereafter by applying (1) the 9.35% rental car sales tax and (2) the \$1 per day tourism surcharge on rental cars to P2P car sharing services.

The 9.35% rental car sales tax is estimated to generate between \$1.2 million and \$3.9 million in additional revenue annually to the state. The tourism surcharge is estimated to generate \$900,000 annually.

Sales Tax Impact by Fund

Tax collections generated from the 6.35% general sales tax are deposited into the General Fund (GF), Special Transportation Fund and the Municipal Revenue Sharing Account (beginning in FY 22). The 9.35% car rental tax is deposited into the GF and the Regional Performance Incentive Account.

The table below provides the impact of the sales tax changes by fund under the bill. For illustrative purposes, the estimates assume all P2P car sharing companies currently collect the 6.35% sales tax on services.¹ In this scenario the net total impact to the state would be a revenue gain of \$1.2 million across all funds.

Illustrative Sales Tax Impact by Fund

Fund	6.35% Rate Share	9.35% Rate Share	Impact of Amendment
General Fund	5.35%	8.35%	1,200,000
Special Transportation Fund	0.50%	-	(200,000)
Municipal Revenue Sharing Account	0.50%	-	(200,000)
Regional Performance Incentive Account	-	1.00%	400,000
Total State Impact (net)	6.35%	9.35%	1,200,000

House "A" subjects P2P car sharing services to (1) the 9.35% rental car

¹ Certain P2P car sharing companies currently charge the 6.35% general sales tax even though it is unclear in statute whether that sales tax, or any other sales tax, is currently applicable.

sales tax and (2) the \$1 per day tourism surcharge on rental cars and results in the net revenue gain to the state described above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6568 (as amended by House "A")*****AN ACT CONCERNING PEER-TO-PEER CAR SHARING PROGRAMS.****SUMMARY**

This bill imposes regulatory requirements on peer-to-peer (P2P) car sharing companies (e.g., Turo and Getaround) and on individuals who share their vehicles through the companies' car sharing platforms (i.e., P2P car sharing).

The bill establishes insurance requirements for P2P car sharing, including requiring P2P car sharing companies to:

1. ensure that vehicle owners and drivers participating in P2P car sharing are covered under a primary insurance policy that meets minimum requirements and recognizes that the vehicle is available on a car sharing platform and
2. provide coverage for claims if a vehicle owner's or driver's policy has lapsed.

The bill establishes certain consumer protections, including (1) requiring shared vehicle owners to repair their vehicles when they receive safety recall notices and (2) requiring P2P companies to disclose certain information to shared vehicle owners and drivers. It also addresses liens, vicarious liability, driver's license verification, and responsibility for equipment.

The bill subjects P2P car sharing for 30 days or less to the 9.35% sales and use tax and \$1 per day tourism surcharge, both of which apply under current law to motor vehicle rentals. It requires "P2P car sharing

facilitators” to collect and remit the tax and surcharge under the same conditions that apply to short-term rental facilitators (e.g., Airbnb) for collecting and remitting room occupancy tax.

Under the bill, a P2P car sharing company is prohibited from allowing P2P car sharing at Bradley International Airport unless it enters into an agreement with the Connecticut Airport Authority (CAA). CAA may charge and collect reasonable fees from a P2P company for the privilege of operating P2P car sharing at the airport (§ 13).

*House Amendment “A” (1) subjects P2P car sharing to sales and use tax and the tourism surcharge; (2) defines “car sharing platform” and makes other minor changes to definitions; and (3) makes other minor, technical, and conforming changes.

EFFECTIVE DATE: January 1, 2022, except that (1) the sales tax provisions are applicable to sales occurring on or after that date and (2) the tourism surcharge is applicable to car sharing agreements executed on or after that date.

§ 1 — P2P CAR SHARING DEFINITIONS

P2P Car Sharing

The bill defines P2P car sharing as the authorized use of a “shared vehicle” for consideration by a person other than the “shared vehicle owner” through a car sharing platform.

A “car sharing platform” is a physical or electronic place that allows a shared vehicle owner to make a shared vehicle available for P2P car sharing and connect a shared vehicle owner with a shared vehicle driver. It includes a store, booth, catalog, website, or dedicated software application.

A “P2P car sharing company” is any person, corporation, limited partnership, or other legal entity that operates a car sharing platform to enable P2P car sharing in Connecticut. P2P car sharing companies exclude motor vehicle rental or leasing companies.

Shared Vehicles

Under the bill, a “shared vehicle” is a vehicle that is available for sharing on a car sharing platform. It excludes passenger motor vehicles used by licensed rental companies for rental purposes.

A “shared vehicle owner” is the shared vehicle’s registered owner or a person or entity the registered owner designates. A “shared vehicle driver” is a person authorized by the shared vehicle owner to drive the shared vehicle under a car sharing agreement.

Car Sharing Agreements

The bill defines “car sharing agreement” as the terms and conditions applicable to a shared vehicle owner and a shared vehicle driver governing a shared vehicle’s use. The bill also defines the following, which are related to terms and conditions included in agreements:

1. “car sharing period,” which is the time period that begins at the “car sharing delivery period” or, if there is no such period, at the “car sharing start time” and ends at the “car sharing termination time”;
2. “car sharing delivery period,” which is the time period during which a shared vehicle is being delivered to the location of the “car sharing start time,” if applicable, as documented by the car sharing agreement; and
3. “car sharing start time” which is the time when a shared vehicle driver takes possession and control of the shared vehicle at or after the time the shared vehicle reservation is scheduled to begin under a car sharing agreement.

Under the bill, the “car sharing termination time” is whenever one of the following events occurs:

1. the time period established under a car sharing agreement for using a shared vehicle expires, if the shared vehicle is delivered to the location agreed upon in the agreement;

2. the shared vehicle is returned to a location the shared vehicle owner and shared vehicle driver alternatively agree on as communicated through a car sharing platform and incorporated into the car sharing agreement; or
3. the shared vehicle owner or the shared vehicle owner's authorized designee takes possession and control of the shared vehicle.

§§ 2, 4, 5, 7 & 8 — INSURANCE PROVISIONS

Assumption of Liability (§ 2(a) & (b))

The bill requires P2P car sharing companies to assume a shared vehicle owner's liability for bodily injury or property damage to third parties, or uninsured or underinsured motorist or personal injury protection losses, during the car sharing period in the amount stated in the car sharing agreement. It must be for at least as much as the state's minimum auto insurance coverage amounts (see BACKGROUND).

However, the bill exempts P2P car sharing companies from assuming this liability when a shared vehicle owner (1) makes an intentional or fraudulent material misrepresentation or omission to the company or on the car sharing platform before the car sharing period in which the liability arose or (2) acts in concert with a shared vehicle driver who fails to return the shared vehicle pursuant to the car sharing agreement.

Required Coverage (§ 2 (c), (d), (f) & (h))

The bill requires P2P car sharing companies to ensure that, during each car sharing period, the shared vehicle owner and the shared vehicle driver are insured under an auto insurance policy that:

1. provides insurance coverage in at least the minimum amounts required by law for auto insurance policies and
2. either (a) recognizes that the shared vehicle insured under the policy is made available and used through a car sharing platform or (b) does not exclude the use of a shared vehicle by a shared vehicle driver.

The required insurance coverage may be maintained by a shared vehicle owner, a shared vehicle driver, a P2P car sharing company, or all three.

If a claim occurs in another state that requires higher minimum auto insurance coverage than Connecticut does, then the insurance policy must provide coverage to satisfy the minimum amounts required by the other state up to the applicable policy limits.

The bill prohibits coverage under the P2P car sharing company's auto insurance policy from being contingent on another auto insurance company first denying a claim or requiring an initial claim denial.

Primary Liability (§ 2(e))

The insurance required under the bill must assume primary liability for a claim:

1. during each car sharing period;
2. when there is a dispute over who controlled the shared vehicle at the time of loss and the P2P car sharing company did not retain or fails to provide records on the vehicle's use (see below); or
3. when there is a dispute over whether the shared vehicle was returned to the alternatively agreed upon location, as communicated through the car sharing platform and incorporated into the car sharing agreement.

Lapsed Policies (§ 2(g))

If a shared vehicle owner's or shared vehicle driver's auto insurance policy has lapsed or does not provide the required coverage, the bill requires that the P2P car sharing company's policy provide the coverage from the first dollar of the claim. The insurance company issuing the P2P car sharing company's policy has the duty to defend a claim, except under certain circumstances (see "assumption of liability," above).

Other Provisions (§ 2 (i))

The bill provides that nothing in its insurance provisions limits the P2P car sharing company's:

1. liability for any act or omission that results in bodily injury to any person as a result of using a shared vehicle through a car sharing platform or
2. ability to contract for indemnification from the shared vehicle owner or the shared vehicle driver for economic loss the company sustains due to a breach of the car sharing agreement's terms and conditions.

Insurable Interest (§ 8)

Under the bill, a P2P car sharing company has an insurable interest in the shared vehicle during the car sharing period. However, the bill specifies that this provision does not make the P2P car sharing company liable for failure to maintain the bill's required coverage.

A P2P car sharing company may own and maintain, as the named insured, one or more automobile liability insurance policies that covers (1) liability assumed by the P2P car sharing company under a car sharing agreement, (2) any liability of the shared vehicle owner, (3) damage or loss to the shared vehicle, or (4) any liability of the shared vehicle driver.

Exclusions of P2P Car Sharing in Auto Policies (§ 4)

The bill explicitly allows insurance companies offering auto insurance policies in the state to offer policies that exclude any or all coverage and the duty to defend or indemnify any claim afforded under a shared vehicle owner's liability insurance policy. The exclusions may include (1) liability coverage for bodily injury and property damage, (2) personal injury protection coverage, (3) uninsured and underinsured motorist coverage, (4) medical payments coverage, (5) comprehensive physical damage coverage, or (6) collision physical damage coverage.

The bill specifies that nothing in the provision allowing these exclusions (1) invalidates or limits an exclusion in an auto liability

insurance policy, including any policy that excludes coverage for motor vehicles made available for rent, sharing, hire or business use or (2) invalidates, limits, or restricts an insurance company that offers automobile liability insurance coverage to underwrite, cancel, or not renew an insurance policy.

Right to Seek Recovery (§ 7)

Under the bill, an insurance company that defends or indemnifies a claim against a shared vehicle owner that is excluded under the terms of its auto insurance policy has the right to seek recovery against the P2P car sharing company's insurance company if the claim is (1) made against the shared vehicle owner or shared vehicle driver for loss or injury that occurs during the car sharing period and (2) excluded under the policy's terms.

Records (§ 5)

The bill requires P2P car sharing companies to collect and verify records pertaining to a shared vehicle's use, including (1) the times used, (2) location of the car sharing start time and car sharing termination time, (3) car sharing period fees paid by the shared vehicle driver, and (4) revenue received by the shared vehicle owner. The company must retain the records for a time period not less than the applicable personal injury statute of limitations (i.e., two years from the date when the injury is first sustained or discovered or in the exercise of reasonable care should have been discovered (CGS § 52-584)).

P2P car sharing companies must provide these records at the following times:

1. upon request to the shared vehicle owner, the shared vehicle owner's insurance company, or the shared vehicle driver's insurance company to facilitate a claim coverage investigation, settlement, negotiation, or litigation or
2. as required under an agreement with the CAA for airport access.

§ 3 — NOTICE REGARDING LIENS

The bill requires P2P car sharing companies to notify shared vehicle owners that, if the shared vehicle has a lien against it, the use of a shared vehicle through a car sharing platform (including without physical damage coverage) may violate the terms of a contract with the lien holder. The company must provide this notice when the vehicle owner registers with the P2P car sharing company as a shared vehicle owner but before the shared vehicle is made available on the car sharing platform.

§ 6 — VICARIOUS LIABILITY

The bill exempts P2P car sharing companies and shared vehicle owners from vicarious liability, in accordance with the federal Graves Amendment (see BACKGROUND), under any state law or municipal ordinance that imposes liability solely based on vehicle ownership.

§ 9 — REQUIRED DISCLOSURES

The bill requires that car sharing agreements, at a minimum, disclose the following to a shared vehicle owner and shared vehicle driver:

1. the P2P car sharing company's right to seek indemnification from the shared vehicle owner or the shared vehicle driver for any economic loss it sustains from a breach of the car sharing agreement's terms and conditions;
2. that the shared vehicle owner's auto insurance policy for the shared vehicle or the shared vehicle driver's auto policy does not provide a defense or indemnification for any claim asserted by the P2P car sharing company;
3. that the P2P car sharing company's insurance coverage on the shared vehicle owner and the shared vehicle driver is in effect only during the car sharing period and that, if the shared vehicle driver uses the shared vehicle after the car sharing termination time, the shared vehicle driver and the shared vehicle owner may not have insurance coverage;
4. the daily rate, fees and, if applicable, any insurance or protection

- package costs that are charged to the shared vehicle owner or the shared vehicle driver;
5. that the shared vehicle owner's auto insurance may not provide coverage for a shared vehicle;
 6. an emergency telephone number to personnel capable of answering calls for roadside assistance and other customer service inquiries; and
 7. if there are conditions under which a shared vehicle driver must maintain an auto insurance policy with certain applicable coverage limits on a primary basis to book a shared vehicle.

§ 10 — DRIVER'S LICENSE VERIFICATION

The bill prohibits P2P car sharing companies from entering into a car sharing agreement with a shared vehicle driver unless the driver holds a driver's license authorizing him or her to operate a vehicle of the same class as the shared vehicle. P2P companies must keep a record of the shared vehicle driver's name, address, and driver's license number and place of issuance.

§ 11 — RESPONSIBILITY FOR EQUIPMENT

Under the bill, a P2P car sharing company is responsible for any equipment (e.g., GPS systems) that is put in or on the shared vehicle to monitor or facilitate the car sharing transaction. The company must indemnify and hold harmless shared vehicle owners for any equipment damage or theft during the car sharing period unless the owner caused it. The P2P company has the right to seek indemnification from the shared vehicle driver for any equipment loss or damage that occurs during the car sharing period.

§ 12 — RECALLS

The bill requires shared vehicle owners, when they receive notice of a safety recall for their shared vehicle, to get the required repairs made before making the vehicle available on a P2P car sharing platform. If the shared vehicle is already available on a car sharing platform when a

shared vehicle owner receives a recall notice, he or she must remove the vehicle as soon as possible and keep it off until repairs are made. If the shared vehicle owner receives a recall notice during the car sharing period, the owner must notify both the P2P car sharing company and the shared vehicle driver.

The bill requires P2P car sharing companies to (1) verify that a shared vehicle is not subject to a safety recall for which repairs have not been made and (2) notify shared vehicle owners of their obligations related to recalls. The company must do this when the shared vehicle owner registers a shared vehicle with the company but before the shared vehicle is available on the car sharing platform.

§§ 14-16 — SALES AND USE TAX AND P2P CAR SHARING FACILITATORS

The bill explicitly subjects P2P car sharing to sales and use tax at the 9.35% rate that currently applies to the rental or leasing of passenger motor vehicles. As with motor vehicle rentals, the tax applies only to P2P car sharing for periods of 30 days or less.

It requires “P2P car sharing facilitators” to be considered retailers for each taxable retail sale of P2P car sharing. A P2P car sharing facilitator is any P2P car sharing company that (1) facilitates at least \$250,000 in retail sales during the prior 12-month period for shared vehicle owners by providing a car sharing platform; (2) directly, or indirectly through third parties, collects payments for P2P car sharing and remits them to shared vehicle owners; and (3) receives compensation or other consideration for these services.

Under the bill, P2P car sharing facilitators must do the following:

1. obtain a sales tax permit to collect the 9.35% sales tax,
2. collect and remit sales tax on each taxable sale they facilitate,
3. be responsible for all of the obligations that state sales and use tax law imposes as if it were the shared vehicle owner and retailer

for the sale, and

4. keep the records and information the DRS commissioner requires to ensure proper sales tax collection and remittance.

The bill additionally provides that shared vehicle owners are not liable for collecting sales tax to the extent that the P2P car sharing facilitator collected the tax due.

Existing law applies similar requirements to marketplace facilitators and to short-term rental facilitators (e.g., Airbnb) for the sales they facilitate for sellers on their forums (CGS §§ 12-408e & -408h).

§§ 17 & 18 — TOURISM SURCHARGE

The bill subjects P2P car sharing to the \$1 per day tourism surcharge that currently applies to motor vehicle rentals by licensed rental car companies. As with motor vehicle rentals, the surcharge applies only to P2P car sharing for periods of 30 days or less and is in addition to any other applicable tax.

The bill applies the surcharge to each full or partial day that is included in the car sharing period. P2P car sharing facilitators must collect the surcharge from shared vehicle drivers and remit it. When added to the original price of P2P car sharing, the surcharge becomes a debt from the shared vehicle driver to the P2P car sharing facilitator.

BACKGROUND

Minimum Auto Insurance Requirements

Connecticut law requires a driver to maintain a minimum amount of auto insurance, including liability and uninsured and underinsured motorist (UI/UM) coverage. The law requires minimum coverage of \$25,000 per person and \$50,000 per accident for bodily injury and \$25,000 per accident for property damage (CGS §§ 38a-335 and 14-112(a)). UI/UM coverage covers bodily injury to the vehicle owner, relatives living with the owner, and passengers injured in an accident caused by (1) an uninsured driver, (2) a driver whose bodily injury liability limits are insufficient, or (3) a hit-and-run driver. The law

requires at least \$25,000 per person and \$50,000 per accident (CGS § 38a-336).

Federal Graves Amendment

The Graves Amendment (49 U.S.C. § 30106) protects car rental companies from vicarious liability claims by providing that a rental company cannot be held liable under state law for damages or injuries that occur during the rental period simply because the company owns the vehicle. The amendment does not protect companies from negligence or criminal wrongdoing. (A Connecticut law making companies liable for such damages (CGS § 14-154a) is preempted by the Graves Amendment.)

COMMITTEE ACTION

Transportation Committee

Joint Favorable Substitute

Yea 35 Nay 0 (03/26/2021)