

OFFICE OF FISCAL ANALYSIS

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sHB-6568

AN ACT CONCERNING PEER-TO-PEER CAR SHARING PROGRAMS.

As Amended by House "A" (LCO 9291)

House Calendar No.: 343

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

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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

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.

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