OFFICE OF FISCAL ANALYSIS

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sSB-1447

AN ACT SUBJECTING PEER-TO-PEER CAR SHARING TO THE SALES AND USE TAX AND REPEALING THE STATUTE REQUIRING LEGISLATIVE APPROVAL TO STUDY MILEAGE-BASED USER FEES ON STATE HIGHWAYS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Resources of the Special Transportation Fund	TF - Revenue Gain	3.2 million	3.2 million

Note: TF=Transportation Fund

Municipal Impact: None

Explanation

The bill results in an annual revenue gain of $3.2 million to the Special Transportation Fund (STF) by (1) establishing a 9.35% rental car sales tax rate to peer-to-peer (P2P) car sharing services and (2) effectively transferring those revenue gains to the STF. Currently, P2P car sharing companies collect the 6.35% sales tax rate and the collections on that tax rate are shared between the General Fund (GF), the STF, and the Municipal Revenue Sharing Fund (MRSF).

The table below show a comparison of the current tax rate by fund compared to the tax rate and distribution of collections under this bill. In effect, the distribution rates in the bill result in the revenue gain transferring to the STF only.

Primary Analyst: EW 4/7/25
Contributing Analyst(s): PM
Reviewer: MM

Tax Rate Applicable to P2P Car Sharing Services

By Fund	Current Law Tax Rate	SB 1447 Tax Rate	SB 1447 Tax Collection Distribution	SB 1447 Fiscal Impact
GF	5.35%	5.35%	57.3%	-
STF	0.50%	3.50%	37.4%	3,200,000
MRSF	0.50%	0.50%	5.3%	-
Total	**6.35%**	**9.35%**	**100%**	**3,200,000**

Section 5 repeals a statutory prohibition on the Department of Transportation (DOT) spending state funds to study a mileage-based user fee. This does not result in a fiscal impact because DOT is not expected to engage in such a study unless it has the resources to do so. This bill does not require DOT to engage in such a study nor does it provide resources for DOT to do so.

The Out Years

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