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| BILL ANALYSIS |

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| C.S.H.B. 4362 |
| By: Nevárez |
| Transportation |
| Committee Report (Substituted) |

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| **BACKGROUND AND PURPOSE** There have been calls, with respect to peer-to-peer vehicle sharing platforms, for further guidance on the duties of the platforms and the taxation of these platforms. C.S.H.B. 4362 seeks to address this issue by providing regulations for peer-to-peer vehicle sharing platforms. |
| **CRIMINAL JUSTICE IMPACT**It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **RULEMAKING AUTHORITY** It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution. |
| **ANALYSIS** C.S.H.B. 4362 amends the Business & Commerce Code to require the agreement for a peer‑to‑peer vehicle sharing platform that is in the business of connecting personal vehicle owners with drivers in order to enable the sharing of motor vehicles for financial consideration to state the sharing period, daily rate, fees, and any protection package or insurance costs that are charged to the shared vehicle owner or shared vehicle driver. The bill sets out the duties of the platform and the vehicle owner regarding a safety recall on the vehicle. These provisions control to the extent of a conflict between these provisions, including a rule adopted under the provisions, and another law. The bill establishes that the regulation of peer-to-peer vehicle sharing and peer-to-peer vehicle sharing platforms is an exclusive power and function of the state and may not be regulated by a municipality, county, or other local entity, including by imposing a tax, levy, fee, or charge of any kind, requiring an additional license or permit, setting rates, imposing operational or entry requirements, or imposing other requirements. C.S.H.B. 4362 amends the Tax Code to establish that, for purposes of peer-to-peer vehicle sharing, the seller or retailer is the peer-to-peer vehicle sharing platform and that the owner of a personal motor vehicle used for peer-to-peer vehicle sharing is not the seller or retailer unless the owner of the vehicle is the platform. The bill includes peer-to-peer vehicle sharing among the taxable services subject to sales and use tax. The bill exempts peer-to-peer vehicle sharing from local sales and use taxes. The bill establishes that, for purposes of taxes on the sale, rental, and use of motor vehicles, the term "rental" does not include peer-to-peer vehicle sharing.  |
| **EFFECTIVE DATE** September 1, 2019. |
| **COMPARISON OF ORIGINAL AND SUBSTITUTE**While C.S.H.B. 4362 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.The substitute does not include:* an authorization for a platform to charge a driver certain fees;
* provisions relating to insurance requirements;
* a requirement for the platform to assume the liability of an owner for any bodily injury or property damage to third parties;
* a requirement for the amount of liability assumed by the platform to be stated in the platform agreement; and
* a requirement that a platform collect, report, and pay the tax on gross rental receipts to the comptroller of public accounts in same manner that sales and use tax is collected, reported, and paid.

The substitute includes:* a provision defining "peer-to-peer vehicle sharing";
* a provision establishing that the bill's Business & Commerce Code provisions control to the extent of any conflicts with other laws or rules adopted under other provisions of the bill;
* a provision giving the state exclusive regulatory power over peer-to-peer vehicle sharing or peer-to-peer vehicle sharing platforms;
* a prohibition against a municipality, county, or other local entity regulating peer-to-peer vehicle sharing or peer-to-peer vehicle sharing platforms;
* a provision establishing that, for purposes of peer-to-peer vehicle sharing, the seller or retailer is the peer-to-peer vehicle sharing platform and that the owner of a personal motor vehicle used for peer-to-peer vehicle sharing is not the seller or retailer unless the owner of the vehicle is the platform;
* a provision including peer-to-peer vehicle sharing among the taxable services subject to sales and use tax;
* a provision exempting peer-to-peer vehicle sharing from local sales and use taxes; and
* a provision establishing that, for purposes of taxes on the sale, rental, and use of motor vehicles, the term "rental" does not include peer-to-peer vehicle sharing.
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