

## TAXATION OF PEER-TO-PEER CAR SHARING

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<http://www.house.mi.gov/hfa>

**House Bill 6376 as introduced**  
**Sponsor: Rep. Pat Outman**  
**Committee: Regulatory Reform**  
**Revised 9-21-22**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 6376 would amend the Use Tax Act to provide that *peer-to-peer car sharing* receipts under a *car sharing program agreement* are exempt from the tax under the act if the vehicle being shared was previously subject to the sales or use tax in Michigan or a comparable tax of another state.

In addition, the bill would provide that a marketplace facilitator that has nexus in the state must collect and remit any tax due on all taxable peer-to-peer car sharing transactions under a car sharing program agreement facilitated by a marketplace facilitator as part of a peer-to-peer car sharing program.

Finally, the bill would amend the act's definition of the term *lease or rental* to provide that it includes peer-to-peer car sharing pursuant to a car sharing program agreement.

MCL 205.92b et seq.

#### Peer-to-Peer Car Sharing Program Act (HB 4917)

As used in the bill, the terms *car sharing program agreement* and *peer-to-peer car sharing* would have the same definitions as in section 3 of the Peer-to-Peer Car Sharing Program Act (proposed by House Bill 4917).

*Peer-to-peer car sharing* would mean the authorized use of a vehicle by an individual other than the vehicle's owner through a *peer-to-peer car sharing program*. Peer-to-peer car sharing would not include either of the following:

- Car rental or rental activity by a car rental company as defined in the Michigan Consumer Protection Act.
- A transportation network company prearranged ride as that term is defined in the Limousine, Taxicab, and Transportation Network Company Act.

*Peer-to-peer car sharing program* would mean a business platform that connects vehicle owners with drivers to enable the sharing of vehicles for financial consideration. Peer-to-peer car sharing program would not include any of the following:

- A car rental company.
- A transportation network company.
- A service provider that is solely providing hardware or software as a service to a person that is not effectuating payment of financial consideration for the use of a shared vehicle.

*Car sharing program agreement* would mean the terms and conditions applicable to a shared vehicle owner and a shared vehicle driver that govern the use of a shared vehicle through a peer-to-peer car sharing program. Car sharing program agreement would not include either of the following:

- A car rental agreement by a car rental company or a similar agreement.
- An agreement for a transportation network company prearranged ride.

**FISCAL IMPACT:**

As written, the bill would not be expected to have any impact on use tax collections assuming sales or use taxes were already collected and remitted when the vehicle was purchased and registered. According to the Department of Treasury, HB 6376 codifies the treatment already outlined in Revenue Administrative Bulletin 2021-22.<sup>1</sup>

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

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<sup>1</sup> <https://www.michigan.gov/taxes/rep-legal/rab/rabhtml/2021/revenue-administrative-bulletin-2021-22>