

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1904

Bill Subtitle: TO REQUIRE PEER-TO-PEER CAR-SHARING PROGRAMS TO COLLECT AND REMIT SALES AND USE TAX AND THE RENTAL-VEHICLE TAX UNDER CERTAIN CONDITIONS.

Basic Change :

**Sponsors: Reps. Milligan, Jett, and Wooten
Sens. Irvin and Hickey**

HB1904 clarifies that peer-to-peer car-sharing programs are "marketplace facilitators" for the purposes of collecting and remitting gross receipts tax and compensating use tax as long as they otherwise meet the economic threshold requirements for marketplace facilitators under § 26-52-103. The bill defines a "peer-to-peer car-sharing program" as a business platform that connects motor vehicle owners with drivers to enable the sharing of motor vehicles for financial consideration.

The bill also requires peer-to-peer car-sharing programs to collect the rental vehicle tax on transactions taking place through a peer-to-peer car-sharing program if the program meets the same economic threshold required of marketplace facilitators.

HB1904 is effective on the first day of the second calendar month following the effective date of the Act.

Revenue Impact :

None.

Taxpayer Impact :

A marketplace facilitator providing peer-to-peer car sharing services that meet the sales activity thresholds outlined in existing Arkansas law for sales tax collection purposes are provided clarity on their sales and use tax obligations as well as for collection of the rental vehicle tax.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Updates to the Sales and Use Tax Rules will need to be promulgated.

Other Comments :

None.

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Legal Analysis :

HB1904 identifies a peer-to-peer car-sharing program as a marketplace facilitator for the purposes of sales tax collection. Act 822 of 2019 requires remote sellers and marketplace facilitators to collect sales tax on transactions if the remote sellers or marketplace facilitators annually have at least 200 transactions or \$100,000 in sales into the State of Arkansas.

Arkansas levies a rental vehicle tax of 10% in addition to the gross receipts tax on rentals of motor vehicles for a period of less than 30 days. HB1904 requires a peer-to-peer car-sharing program to collect and remit the rental vehicle tax so long as the peer-to-peer car-sharing program meets the same economic threshold as Arkansas law requires of marketplace facilitators.

HB1904 would benefit from an amendment clarifying a date certain for the retroactive application of the bill.