



Ohio Senate Transportation, Commerce, and Workforce Committee, Rob McColley, Chair
Michelle Peacock, Turo Vice President - Head of Government Relations
Opposition Testimony on Ohio House Bill 62 (Written)
March 20, 2019

Chairman McColley, Vice Chair Uecker, Ranking Member Antonio, and members of the Committee, thank you for the opportunity to provide written comments in opposition to House Bill 62 on behalf of Turo, a peer-to-peer car sharing company headquartered in San Francisco, California. Turo is a small business with about 300 employees worldwide, with more than 2,000 Ohio customers sharing cars, many of whom are doing so to offset the cost of car ownership.

Our customers are your hard-working constituents who share their cars to cover their auto payment or work to offset household bills. They are middle class people trying to make extra income from an underutilized asset. Our customers – who earn on average about \$150 per month – are also:

- Active duty military or a veteran (17%)
- Teachers or educators (13%)
- Senior citizens (13%)
- First responders (6%)
- Identify with a community of color (over 50%)

I want to be clear from the outset, peer-to-peer car sharing is not a rental car company. Nonetheless, Turo has been very clear - we do not oppose being regulated or taxed. We simply ask that the regulations and taxation be fair to thousands of your constituents so they may continue to make ends meet. Our concerns, aside from process, stem from the core premise of the policy in front of you – these individuals should not be treated the same as a multinational, multi-billion-dollar rental car corporation. Furthermore, **the process by which you develop regulations and taxation should be fair to peer-to-peer companies and most importantly, our customers and your constituents.**

The language before you was drafted originally with no consultation of the peer-to-peer companies, insurance industry, or anyone else except for one entity – the world's largest rental company, our competition. We were only made aware of the language once it had been voted out of the House. While we appreciate the Senate's attempt to modify the House's provisions, we respectfully ask that you to remove all provisions related to peer-to-peer car sharing. **We instead ask that you enact a regulatory framework through a *deliberate and inclusive***

process. Good policy does not stem from shutting out the very industry the policy seeks to regulate and only working with the industry's competition.

The provisions in House Bill 62 are just the latest effort in a nationwide campaign by rental car companies to kill off peer-to-peer car sharing. Ohio isn't alone - it shares the battleground with over 30 other states in 2019 currently considering legislation to regulate peer-to-peer car sharing, and in most of those states, the regulations are being pushed by rental car companies. Again, we are not opposed to regulations appropriate for this unique industry. We are opposed to the rental car industry attempting to manipulate the legislative process in order to eliminate competition and strengthen their monopoly.

We are an entirely separate industry from rental car companies and should be treated as such. However, if it is the prerogative of the General Assembly to treat us the "same," consider the contrast in the chart below:

| | Auto rental companies | P2P/Vehicle Owner (under H.B. 62 provision) |
|--|---------------------------------------|--|
| <i>Regulatory oversight</i> | No | Yes – aligning under PUCO |
| <i>Ensure Insurance</i> | No | Yes |
| <i>Required info production</i> | No | Yes |
| <i>Taxation – collection on sale</i> | 5 ¾% | 5 ¾% |
| <i>Sales Tax Exempt on purchase</i> | Yes | No – full tax paid by vehicle owner |
| <i>Disclosures required</i> | Minimal – advertising rates | Yes - comprehensive |
| <i>Airport concession required</i> | Optional - only to extent of presence | Yes – requires airport to enter into with P2P |
| <i>Liability during rental/sharing</i> | None – all on renter | Ultimately on P2P |

This legislation is parallel to Blockbuster drafting the legislation to regulate Netflix. We urge the Ohio Senate to remove the peer-to-peer car sharing provisions in H.B. 62 and take the proper steps to include this emerging industry in the discussions about how best to regulate it.

Please see a joint memo below from Getaround, Turo, Allstate, and General Motors.

MEMORANDUM

The organizations above urge the Senate Transportation, Commerce and Workforce Development Committee to remove from Sub. HB 62 all the provisions relating to “Peer to Peer, Car Sharing”, an emerging industry. (Sections 4926.XX). The language in question was inserted in Sub. HB 62 without input from the Peer to Peer Car Sharing Industry.

Peer to peer car sharing is an emerging industry, which allows an owner of a vehicle to share that vehicle with another licensed driver for a fee. Simply put, peer to peer car sharing platforms connect people whose cars are sitting idle and unused with people who need to use a car. It’s the modern equivalent of borrowing a friend or family members’ car.

Peer to peer car sharing businesses and representatives from the Insurance Industry are currently working on model legislation to address the nuances of this emerging business. The model language is being pursued initially in a few priority states.

Unfortunately, the language contained in Sub. HB 62 was offered late in the process and has not been properly vetted with all the interested parties, most notably the industry it intends to regulate. The current bill carries with it real risks of impairing this market before it even gets off the ground – rather than achieving so-called “parity” with rental car companies, **it may even put car sharing platforms and vehicle owners at a competitive *disadvantage* to the entrenched incumbents.** To provide a few examples of where the Sub. needs further study and consideration, we are concerned about:

- Requiring that car sharing platforms collect and remit sales taxes but, unlike the robust marketplace facilitator and platform bills pending around the country, providing absolutely no procedures in terms of reliance on representations by owners, reporting requirements, audit obligations, or tax liability that are cornerstones of thoughtful marketplace facilitator laws.
- Treating vehicle owners like rental car companies for tax purposes. Rental car companies earn the majority of their revenue from airport transactions; the vast majority of car sharing transactions, by contrast, are local people making local trips. And unlike rental car companies, vehicle owners don’t enjoy an exemption from sales tax on the purchase of new vehicles, nor can they claim tax deductions against federal income tax for costs like insurance, maintenance, or repairs. Tax obligations are not as simple as looking just at the transaction – it requires a holistic analysis of all of the tax liabilities that the vehicle owner and rental car companies incur. This Sub. does not even begin to do that.
- Empowering the Public Utilities Commission to oversee the car sharing industry when rental cars are only subject to oversight by the Attorney General through the Consumer Sales Practices Act.

It’s incredibly important for the state to get this right: as the growth of peer to peer car sharing nationwide shows, consumers want to add car sharing to their transportation options. But it is still a young and emerging market and a rushed series of regulations may do far more harm than good – and even worse, regulate the market out of existence before we even know what the mature market will look like. **Peer to peer car sharing businesses are committed to deliberating and ultimately enacting regulatory, insurance and taxing authority specific to this emerging industry.**