

Senate Bill 161 Interested Party Testimony
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Senate Transportation, Commerce & Workforce Committee
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Chairman McColley, Vice Chair Uecker, Ranking Member Antonio, and members of the Senate Transportation, Commerce and Workforce Committee, thank you for the opportunity to submit this written testimony on Senate Bill 161. Drift is an interested party at this time because we believe with a few minor modifications to the language, this regulatory scheme will be good for the industry and good for consumers in Ohio's growing Peer-to-Peer car sharing market.

Drift is a car sharing platform owned by Allstate Insurance and is operational in a few, small markets at the moment. Our plan is to expand into more states, including Ohio, in the future. With a fair, robust and clear regulatory structure, we believe this industry will flourish. We also believe in sound insurance requirements, fair taxes, and reasonable regulation to protect consumers and grow demand.

We have worked very closely with both the House and the Senate and multiple interested parties to reach many good compromises in this language. We believe the issues listed below simply need clarification to reflect what has already been agreed to by interested parties:

- **Taxation** – Any new or emerging industry can face difficulty in determining when and how to collect and remit taxes. Luckily for car sharing companies, like other platforms in the sharing economy, new marketplace facilitator rules have been established that can be applied by states to achieve a fair taxation process.

Currently the language labels peer-to-peer car sharing platforms as “vendors,” creating confusion as to who may be responsible to collect and remit taxes, who is auditable, and what happens to refunds. We believe a simpler path is to treat these facilitators no differently than any other party that facilitates a taxable transaction under the market facilitator language being given strong consideration in the state's operating budget. This could be achieved by simply spelling out that car sharing platforms qualify as market facilitators for tax purposes in Ohio, and we encourage this committee to adopt amended language accordingly.

- **\$1 Million Insurance**—As presently drafted, the requirement that peer-to-peer platforms maintain at least \$1 million in insurance is ambiguous. We know from extensive conversations with the Ohio Insurance Institute that this provision is designed to ensure adequate financial security in situations where the platform becomes liable through its own acts – as opposed to providing additional coverage for any driver liability. We propose a small change to the language to clarify that this insurance is to cover any liability resulting from the acts or omissions of the platform that may cause death, bodily injury or property damage.

- **Safety Recalls**—As part of our extensive interested parties meetings, all parties agreed that it was important for the car sharing platforms to have a system in place to check for outstanding recalls on vehicles on the platform that may pose a safety risk to drivers and others on the road. In fact, Drift takes measures currently to check for such outstanding recalls. We would suggest a small change to the language currently in the bill to clarify that the procedures relevant to recalls be focused on those safety recalls listed on the National Highway Traffic Safety Administration’s recall database.
- **CSPA** – The language related to peer-to-peer car sharing platform liability under the consumer sales practice act currently in the bill is problematic because it could apply liability under the act for more than just the sales transaction. The language currently could apply CSPA liability, and penalties, to any error or omission made by a car sharing company, not just acts involved in the transaction. We believe everyone agrees on the concept of limiting this liability and that a few minor changes will achieve our desired outcome in the language.
- **Non-commercial motor vehicle definition** – Perhaps most importantly, the current language requires that a vehicle on the platform be defined as “non-commercial.” We believe this language was drafted in an attempt to distinguish car sharing from car rental fleets. We appreciate that difference, but the language as written would prohibit anyone on the platform from deriving profit from sharing their vehicle. That is antithetical to the entire business model and would end car sharing in Ohio.

Accordingly, we believe it is prudent to modify this language to allow car sharing to operate as it is structured – and as consumers have come to expect.

As we stated at the beginning of this testimony, we truly believe there are a few, minor changes that should happen to the language in Senate Bill 161 and the car sharing industry can be supportive of this regulatory structure. We appreciate the sponsors’ willingness to continually and attentively work on this language and look forward to creating a healthy, vibrant car sharing market in Ohio.