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SYNOPSIS:

This bill would authorize peer-to-peer car sharing programs, which are business platforms that connect vehicle owners with drivers, to enable the sharing of vehicles for financial consideration in this state.

This bill would provide requirements for the operation of a peer-to-peer car sharing program, including insurance requirements, notification requirements, record keeping and reporting requirements, liability requirements, consumer protection disclosure requirements, and safety recall requirements.

This bill would also provide that lessors of vehicles used in peer-to-peer car sharing in the state who have paid taxes due upon purchase of the vehicles in the jurisdiction where they were purchased or at the time the vehicles were first titled in Alabama, shall not be subject to privilege or license taxes on gross proceeds of vehicle rental or leasing.

A BILL
TO BE ENTITLED
AN ACT



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Relating to motor vehicles; establishing the Peer-to-Peer Car Sharing Program Act; to provide for the operation of peer-to-peer car sharing programs in the state; and to amend Section 40-12-222, Code of Alabama 1975, to exclude lessors of peer-to-peer car sharing vehicles from liability for certain taxes on the proceeds of vehicle rental and leasing.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. This section shall be known and may be cited as the Peer-to-Peer Car Sharing Program Act.

Section 2. As used in this section, the following words have the following meanings:

(1) CAR SHARING DELIVERY PERIOD or DELIVERY PERIOD. The period of time during which a shared vehicle is being delivered to the location of the car sharing start time, if applicable, as documented by the governing car sharing program agreement.

(2) CAR SHARING PERIOD or SHARING PERIOD. The period of time that commences with the car sharing delivery period or, if there is no car sharing delivery period, that commences with the car sharing start time and, in either case, ends at the car sharing termination time.

(3) CAR SHARING START TIME or START TIME. The time when the shared vehicle becomes subject to the control of the shared vehicle driver, at or after the time the reservation of a shared vehicle is scheduled to begin, as documented in the records of a peer-to-peer car sharing program.



85 truck trailer, semitrailer, or house trailer which is subject
86 to Article 4 of Chapter 12 of Title 40, Code of Alabama 1975.

87 b. A person facilitating a rental transaction of
88 tangible personal property which is subject to Article 4 of
89 Chapter 12 of Title 40, Code of Alabama 1975.

90 c. A motor vehicle rental company licensed pursuant to
91 Section 27-7-5.1, Code of Alabama 1975.

92 d. A person facilitating rental transactions as used in
93 Section 40-2-11(7)(c), Code of Alabama 1975.

94 (7) PEER-TO-PEER CAR SHARING PROGRAM AGREEMENT or
95 AGREEMENT. The terms and conditions applicable to a shared
96 vehicle owner and a shared vehicle driver that govern the use
97 of a shared vehicle through a peer-to-peer car sharing
98 program. The term does not include any of the following;

99 a. A car rental service provider solely providing
100 hardware or software as a service to a person or entity that
101 is not effectuating payment of financial consideration for the
102 use of a shared vehicle.

103 b. A motor vehicle rental agreement governed by Section
104 32-15-6, Code of Alabama 1975.

105 c. Hiring, leasing, or renting a motor vehicle under a
106 rental agreement governed by Section 32-15-6, Code of Alabama
107 1975.

108 d. A rental agreement with a motor vehicle rental
109 company licensed pursuant to Section 27-7-5.1, Code of Alabama
110 1975.

111 (8) SHARED VEHICLE or VEHICLE. A vehicle that is
112 available for sharing through a peer-to-peer car sharing



113 program. The term does not include an automotive vehicle or a
114 truck trailer, semitrailer, or house trailer that is subject
115 to Article 4 of Chapter 12 of Title 40, Code of Alabama 1975,
116 except as provided by Section 40-12-222(a)(2), Code of Alabama
117 1975.

118 (9) SHARED VEHICLE DRIVER or DRIVER. An individual who
119 has been authorized to drive the shared vehicle by the shared
120 vehicle owner under a car sharing program agreement. The term
121 does not include a person hiring, leasing, or renting a motor
122 vehicle under an agreement with a motor vehicle rental company
123 licensed pursuant to Section 27-7-5.1, Code of Alabama 1975.

124 (10) SHARED VEHICLE OWNER or OWNER. The registered
125 owner, or a person or entity designated by the registered
126 owner, of a vehicle made available for sharing to shared
127 vehicle drivers through a peer-to-peer car sharing program.
128 The term does not include any of the following:

129 a. A lessor that is subject to Article 4 of Chapter 12
130 of Title 40, Code of Alabama 1975, except as provided by
131 Section 40-12-222(a)(2), Code of Alabama 1975.

132 b. A motor vehicle rental company licensed pursuant to
133 Section 27-7-5.1, Code of Alabama 1975.

134 Section 3. (a) Except as provided in subsection (b), a
135 peer-to-peer car sharing program shall assume liability of a
136 shared vehicle owner for bodily injury or property damage to
137 third parties or uninsured and underinsured motorists or
138 personal injury protection losses during the car sharing
139 period, in an amount stated in the peer-to-peer car sharing
140 program agreement. The amount shall not be less than the proof



141 of financial responsibility required under Chapter 7, Title
142 32, Code of Alabama 1975.

143 (b) Notwithstanding the definition of "car sharing
144 termination time," the assumption of liability under
145 subsection (a) does not apply to any shared vehicle owner
146 under either of the following circumstances:

147 (1) When a shared vehicle owner makes an intentional
148 or fraudulent material misrepresentation or omission to the
149 peer-to-peer car sharing program before the car sharing period
150 in which the loss occurred.

151 (2) When a shared vehicle owner acts in concert with a
152 shared vehicle driver who fails to return the shared vehicle
153 pursuant to the terms of the car sharing program agreement.

154 (c) Notwithstanding the definition of "car sharing
155 termination time," the assumption of liability under
156 subsection (a) would apply to bodily injury, property damage,
157 uninsured and underinsured motorist, or personal injury
158 protection losses by damaged third parties required under
159 Chapter 7 of Title 32, Code of Alabama 1975.

160 (d) A peer-to-peer car sharing program shall ensure
161 that, during each car sharing period, the shared vehicle owner
162 and the shared vehicle driver are insured under a motor
163 vehicle liability insurance policy that does all of the
164 following:

165 (1) Provides insurance coverage in amounts no less than
166 the minimum amounts required for proof of financial
167 responsibility under Section 32-7-2, Code of Alabama 1975.

168 (2) Does either of the following:



169 a. Recognizes that the shared vehicle insured under the
170 policy is made available and used through a peer-to-peer car
171 sharing program.

172 b. Does not exclude the use of a shared vehicle by a
173 shared vehicle driver.

174 (e) The insurance required under subsection (d) may be
175 purchased by any of the following:

176 (1) A shared vehicle owner.

177 (2) A shared vehicle driver.

178 (3) A peer-to-peer car sharing program.

179 (4) Any combination of a shared vehicle owner, a shared
180 vehicle driver, and a peer-to-peer car sharing program.

181 (f) The insurance required in subsection (e), that is
182 satisfying the requirement of subsection (d), shall be primary
183 during each car sharing period, and in the event that a claim
184 occurs in another state with minimum financial responsibility
185 limits higher than those set forth in Section 32-7-2, Code of
186 Alabama 1975, during the car sharing period, the coverage
187 maintained under subsection (e) shall satisfy the difference
188 in minimum coverage amounts, up to the applicable policy
189 limits.

190 (g) The insurer, insurers, or peer-to-peer car sharing
191 program providing coverage under subsection (d) or (e) shall
192 assume primary liability for a claim when either of the
193 following occurs:

194 (1) A dispute exists as to who was in control of the
195 shared motor vehicle at the time of the loss, and the
196 peer-to-peer car sharing program does not have available, did



197 not retain, or fails to provide the information required by
198 Section 6.

199 (2) A dispute exists as to whether the shared vehicle
200 was returned to the alternatively agreed upon location, as
201 required under Section 2(4)(b).

202 (h) If insurance maintained by a shared vehicle owner
203 or shared vehicle driver in accordance with subsection (e) has
204 lapsed or does not provide the required coverage, insurance
205 maintained by a peer-to-peer car sharing program shall provide
206 the coverage required by subsection (d) beginning with the
207 first dollar of a claim and shall have the duty to defend such
208 claim except under circumstances as set forth in subsection
209 (b).

210 (i) Coverage under an automobile insurance policy
211 maintained by the peer-to-peer car sharing program may not be
212 dependent on another automobile insurer first denying a claim,
213 and may not require another automobile insurance policy to
214 first deny a claim.

215 (j) Nothing in this section does any of the following:

216 (1) Limits the ability of a peer-to-peer car sharing
217 program for any act or omission of the peer-to-peer car
218 sharing program itself that results in injury to any person as
219 a result of the use of a shared vehicle through a peer-to-peer
220 car sharing program.

221 (2) Limits the ability of the peer-to-peer car sharing
222 program to seek indemnification, by contract, from the shared
223 vehicle owner or the shared vehicle driver for economic loss
224 sustained by the peer-to-peer car sharing program resulting



225 from a breach of the terms and conditions of the car sharing
226 program agreement.

227 Section 4. When a vehicle owner registers as a shared
228 vehicle owner on a peer-to-peer car sharing program, and
229 before the shared vehicle owner makes a shared vehicle
230 available for car sharing on the peer-to-peer car sharing
231 program, the peer-to-peer car sharing program shall notify the
232 shared vehicle owner that, if the shared vehicle has a lien
233 against it, the use of the shared vehicle through a
234 peer-to-peer car sharing program, including use without
235 physical damage coverage, may violate the terms of the
236 contract with the lien holder.

237 Section 5. (a) An authorized insurer that writes motor
238 vehicle liability insurance in this state may exclude any and
239 all coverage and the duty to defend or indemnify for any claim
240 afforded under a shared vehicle owner's motor vehicle
241 liability insurance policy, including, but not limited to, all
242 of the following:

243 (1) Liability coverage for bodily injury and property
244 damage.

245 (2) Personal injury protection coverage.

246 (3) Uninsured and underinsured motorist coverage.

247 (4) Medical payments coverage.

248 (5) Comprehensive physical damage coverage.

249 (6) Collision physical damage coverage.

250 (b) Nothing in this act invalidates or limits an
251 exclusion contained in a motor vehicle liability insurance
252 policy, including any insurance policy in use or approved for



253 use that excludes coverage for motor vehicles made available
254 for rent, sharing, hire, or for any business use.

255 (c) Nothing in this act invalidates, limits, or
256 restricts an insurer's ability under existing law to
257 underwrite any insurance policy. Nothing in this act
258 invalidates, limits, or restricts an insurer's ability under
259 existing law to cancel and nonrenew policies.

260 Section 6. (a) A peer-to-peer car sharing program shall
261 collect and verify records pertaining to the use of all
262 vehicles used in a peer-to-peer car sharing program,
263 including, but not limited to, all of the following:

- 264 (1) The number of times the vehicle is used.
- 265 (2) Car sharing period pick up and drop off locations.
- 266 (3) Fees paid by the shared vehicle driver.
- 267 (4) Revenues received by the shared vehicle owner.

268 (b) To facilitate a claim coverage investigation,
269 settlement, negotiation, and litigation, the peer-to-peer car
270 sharing program, upon request, shall provide the records
271 collected under subsection (a) to the shared vehicle owner,
272 the shared vehicle owner's insurer, or the shared vehicle
273 driver's insurer.

274 (c) The peer-to-peer car sharing program shall retain
275 the records for a time period not less than the applicable
276 personal injury statute of limitations.

277 Section 7. A peer-to-peer car sharing program and a
278 shared vehicle owner shall not be liable, vicariously or
279 otherwise, by reason of making a shared vehicle available for
280 use through the peer-to-peer car sharing program or by being



281 the owner of a shared vehicle, for harm to persons or property
282 that occurs during the car sharing period.

283 Section 8. A motor vehicle insurer that defends or
284 indemnifies a claim against a shared vehicle that is excluded
285 under the terms of its policy shall have the right to seek
286 contribution from the motor vehicle insurer of the
287 peer-to-peer car sharing program if the claim is both of the
288 following:

289 (1) Made against the shared vehicle owner or the shared
290 vehicle driver for loss or injury that occurs during the car
291 sharing period.

292 (2) Excluded under the terms of its policy.

293 Section 9. (a) Notwithstanding any law to the contrary,
294 a peer-to-peer car sharing program shall have an insurable
295 interest in a shared vehicle during the car sharing period.

296 (b) Nothing in this section shall create liability on a
297 peer-to-peer car sharing program to maintain the coverage
298 mandated by Section 3.

299 (c) A peer-to-peer car sharing program may own and
300 maintain as the named insured one or more policies of motor
301 vehicle liability insurance that provide coverage for any of
302 the following:

303 (1) Liabilities assumed by the peer-to-peer car sharing
304 program under a peer-to-peer car sharing program agreement.

305 (2) Any liability of the shared vehicle owner.

306 (3) Damage or loss to the shared motor vehicle.

307 (4) Any liability of the shared vehicle driver.

308 Section 10. Each car sharing program agreement made in



309 this state shall disclose to the shared vehicle owner and the
310 shared vehicle driver all of the following:

311 (1) Any right of the peer-to-peer car sharing program
312 to seek indemnification from the shared vehicle owner or the
313 shared vehicle driver for economic loss sustained by the
314 peer-to-peer car sharing program resulting from a breach of
315 the terms and conditions of the car sharing program agreement.

316 (2) That a motor vehicle liability insurance policy
317 issued to the shared vehicle owner for the shared vehicle, or
318 to the shared vehicle driver, does not provide a defense or
319 indemnification for any claim asserted by the peer-to-peer car
320 sharing program.

321 (3) That the peer-to-peer car sharing program's
322 insurance coverage on the shared vehicle owner and the shared
323 vehicle driver is in effect only during each car sharing
324 period and that, for any use of the shared vehicle by the
325 shared vehicle driver after the car sharing termination time,
326 the shared vehicle driver and the shared vehicle owner may not
327 have insurance coverage.

328 (4) The daily rate, fees, and, if applicable, any
329 insurance or protection package costs that are charged to the
330 shared vehicle owner or the shared vehicle driver.

331 (5) That the shared vehicle owner's motor vehicle
332 liability insurance may not provide coverage for a shared
333 vehicle.

334 (6) An emergency telephone number to personnel capable
335 of fielding roadside assistance and other customer service
336 inquiries.



337 (7) Whether there are conditions under which a shared
338 vehicle driver must maintain a personal automobile insurance
339 policy with certain applicable coverage limits on a primary
340 basis in order to book a shared motor vehicle.

341 Section 11. (a) A peer-to-peer car sharing program may
342 not enter into a peer-to-peer car sharing program agreement
343 with an individual who will operate the shared vehicle unless
344 he or she meets any of the following requirements:

345 (1) Holds a driver license issued under Section 32-6-1,
346 Code of Alabama 1975, that authorizes him or her to operate
347 vehicles of the class of the shared vehicle.

348 (2) Is a nonresident who meets both of the following
349 requirements:

350 a. Has a driver license issued by the state or country
351 of his or her residence which authorizes him or her to drive
352 vehicles of the class of the shared vehicle.

353 b. Is 16 years of age or older.

354 (3) Is specifically authorized by Section 32-6-2, Code
355 of Alabama 1975, to drive vehicles of the class of the shared
356 vehicle.

357 (b) A peer-to-peer car sharing program shall keep a
358 record of all of the following:

359 (1) The name and address of the shared vehicle driver.

360 (2) The driver license of the shared vehicle driver and
361 each other person, if any, who will operate the shared
362 vehicle.

363 (3) The place of issuance of the driver license.

364 Section 12. (a) A peer-to-peer car sharing program



365 shall have sole responsibility for any equipment, including a
366 Global Positioning System or other special equipment, that is
367 placed in or on the vehicle to monitor or facilitate the car
368 sharing transaction.

369 (b) A peer-to-peer car sharing program shall indemnify
370 and hold harmless the shared vehicle owner for any damage to
371 or theft of such equipment during the sharing period not
372 caused by the vehicle owner.

373 (c) A peer-to-peer car sharing program may seek
374 indemnity from the shared vehicle driver for any loss or
375 damage to such equipment that occurs during the sharing
376 period.

377 Section 13. (a) When a vehicle owner registers as a
378 shared vehicle owner on a peer-to-peer car sharing program,
379 and before a shared vehicle owner makes a shared vehicle
380 available for car sharing on the peer-to-peer car sharing
381 program, the peer-to-peer car sharing program shall do both of
382 the following:

383 (1) Verify that the shared vehicle does not have any
384 safety recalls on the vehicle for which the repairs have not
385 been made.

386 (2) Notify the shared vehicle owner of the requirements
387 under subsection (b).

388 (b) (1) If a shared vehicle owner has received an actual
389 notice of a safety recall on the vehicle, the shared vehicle
390 owner may not make a vehicle available as a shared vehicle on
391 a peer-to-peer car sharing program until the safety recall
392 repair has been made.



393 (2) If a shared vehicle owner receives an actual notice
394 of a safety recall on a shared vehicle while the shared
395 vehicle is made available on the peer-to-peer car sharing
396 program, the shared vehicle owner shall change the status of
397 the vehicle to unavailable as soon as practicably possible.
398 The shared vehicle may not be listed as available until the
399 safety recall repair has been made.

400 (3) If a shared vehicle owner receives an actual notice
401 of a safety recall on a shared vehicle while the shared
402 vehicle is in the possession of a shared vehicle driver and
403 engaged in peer-to-peer car sharing during a sharing period,
404 the shared vehicle owner shall notify the peer-to-peer car
405 sharing program about the safety recall as soon as practicably
406 possible after receiving the notice of the safety recall. The
407 shared vehicle may not be listed as available until the safety
408 recall repair has been made.

409 Section 14. Nothing in this act shall expand or
410 restrict in any manner the respective rights, obligations, and
411 limitations of motor vehicle manufacturers and licensed new
412 motor vehicle dealers as set forth in Title 8, Chapter 20,
413 Code of Alabama 1975, commencing at Section 8-20-1.

414 Section 15. Section 40-12-222, Code of Alabama 1975, is
415 amended to read as follows:

416 "§40-12-222

417 (a) (1) In addition to all other taxes now imposed by
418 law, there is hereby levied and shall be collected a privilege
419 or license tax on each person engaging or continuing within
420 this state in the business of leasing or renting tangible



421 personal property at the rate of four percent of the gross
422 proceeds derived by the lessor from the lease or rental of
423 tangible personal property.

424 (2) Tha. Except as provided in paragraph b., the
425 privilege or license tax on each person engaging or continuing
426 within this state in the business of leasing or renting any
427 automotive vehicle or truck trailer, semitrailer, or house
428 trailer shall be at the rate of one and one-half percent of
429 the gross proceeds derived by the lessor from the lease or
430 rental of such automotive vehicle or truck trailer,
431 semitrailer, or house trailer.

432 b.1. For purposes of paragraph a. only, the business of
433 leasing or renting an automotive vehicle includes peer-to-peer
434 car sharing as defined in the Peer-to-Peer Car Sharing Program
435 Act. The gross proceeds collected by the Peer-to-Peer Car
436 Sharing Program as the leasing facilitator shall be subject to
437 the tax set forth in paragraph a. only for those transactions
438 where the shared vehicle was not subject to the applicable
439 sales and use taxes upon purchase in the jurisdiction in which
440 the shared vehicle owner purchased the vehicle or if sales and
441 use taxes were not paid at the time of initial titling and
442 registration in Alabama.

443 2. The Department of Revenue shall report annually to
444 the Chair of the House Ways and Means General Fund Committee,
445 the Chair of the Senate Finance and Taxation General Fund
446 Committee, and the Legislative Fiscal Officer a summary of any
447 decreases in the privilege or license tax on gross proceeds of
448 vehicle rental or leasing attributable to the Peer-to-Peer Car



449 Sharing Program.

450 (3) The tax levied in this article shall not apply to
451 any leasing or rental, as lessor, by the state, or any
452 municipality or county in the state, or any public corporation
453 organized under the laws of the state, including, without
454 limiting the generality of the foregoing, any corporation
455 organized under the provisions of Sections 11-54-80 through
456 11-54-101.

457 (4) The privilege or license tax on each person or firm
458 engaging or continuing within this state in the business of
459 the leasing and rental of linens and garments shall be at the
460 rate of two percent of the gross proceeds derived by the
461 lessor from the lease or rental of the linens and garments.

462 (b) Notwithstanding subsection (a), nothing shall
463 prohibit a lessor subject to a state or local privilege or
464 license tax from passing the amounts on to a lessee by adding
465 the taxes to the leasing price or otherwise; provided,
466 however, that all amounts passed on to the lessee shall be
467 includable in the gross proceeds derived from the lease of
468 tangible personal property which shall be subject to the
469 privilege or license tax owed by the lessor.

470 (c) The state and applicable local privilege or license
471 taxes applicable to a lease or rental transaction to which a
472 lessor is subject shall be determined as follows:

473 (1) Except for automotive vehicles as provided in
474 subdivision (2), the following shall apply:

475 a. When tangible personal property is delivered to the
476 lessee by the lessor or his or her agent, the privilege or



477 license tax levy shall be determined based on where the
478 property is delivered.

479 b. When tangible personal property is picked up at the
480 lessor's rental location by the lessee or his or her agent,
481 the privilege or license tax levy shall be determined based on
482 the rental location.

483 (2) For automotive vehicles required to be registered
484 pursuant to Section 32-6-61, each lease payment is considered
485 a separate lease transaction and occurs in the location as
486 provided below and the following rules shall apply:

487 a. The privilege or license tax levy on any
488 nonrecurring gross proceeds due at the inception of the lease
489 to a new motor vehicle dealer or a used motor vehicle dealer
490 licensed pursuant to Section 40-12-391, including any
491 capitalized cost reduction or other fee that is retained by
492 the dealer in connection with its initiation of the lease,
493 shall be determined based on the location of the dealer where
494 the lease was initiated.

495 b. The privilege or license tax levy on gross proceeds
496 other than those described in paragraph a., including the
497 initial lease or rental payment and all subsequent lease or
498 rental payments, shall be determined based on the garage
499 address of the lessee as provided to the county licensing
500 official. The lessor is considered to be engaging or
501 continuing within this state in the business of leasing or
502 renting tangible personal property when its lessee has a
503 garage address within this state."

504 Section 16. This act shall become effective on the



505 first day of the third month following its passage and
506 approval by the Governor, or its otherwise becoming law.