
OLR Bill Analysis

HB 5983

AN ACT CONCERNING THE SALES AND USE TAXES RATES APPLICABLE TO PEER-TO-PEER CAR SHARING.

SUMMARY

This bill explicitly subjects short-term peer-to-peer (P2P) car sharing to sales and use tax at the 9.35% rate that applies to short-term car rentals or leases under existing law (see BACKGROUND). As with car rentals and leases, the 9.35% tax rate applies only to P2P car sharing for periods of 30 consecutive days or less. By law, car rentals and leases for longer periods are subject to sales and use tax at the 6.35% rate.

Under the bill, the revenue from sales and use tax on the short-term P2P car sharing must be directed to the regional planning incentive account, which is a separate, nonlapsing General Fund account.

The bill also makes minor and technical changes to the definitions of “peer-to-peer car sharing” and “peer-to-peer car sharing company” and other technical and conforming changes.

EFFECTIVE DATE: July 1, 2025, and the sales and use tax rate provisions are applicable to sales occurring on or after that date.

BACKGROUND

Department of Revenue Services Guidance on P2P Car Sharing and Sales and Use Tax

PA 21-106 required the Department of Revenue Services (DRS) to issue guidance on the applicability of sales and use tax to P2P car sharing. DRS concluded that P2P car sharing may constitute a taxable sale of personal property that is subject to sales and use tax if the sale is made by an entity meeting the definition of a retailer. It further concluded that P2P car sharing constitutes a lease, and that a P2P car sharing platform may meet state law’s definition of a marketplace facilitator. If all these requirements are satisfied, DRS concluded that

P2P car sharing companies would be required to collect and remit tax for P2P car sharing sales that occur on their platform.

Related Bill

sSB 1447, favorably reported by the Transportation Committee, also explicitly subjects short-term P2P car sharing to sales and use tax at the 9.35% rate, but it directs the revenue as follows: (1) 57.3% to the General Fund, (2) 37.4% to the Special Transportation Fund, and (3) 5.3% to the Municipal Revenue Sharing Fund.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 40 Nay 12 (04/24/2025)