

SB265 ENGROSSED



1 SB265
2 6YPPIZ3-2
3 By Senator Elliott
4 RFD: Fiscal Responsibility and Economic Development
5 First Read: 19-Mar-25



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A BILL
TO BE ENTITLED
AN ACT

Relating to motor vehicles; to establish the Peer-to-Peer Car Sharing Program Act; to provide requirements for the operation of peer-to-peer car sharing programs; and to amend Section 40-12-222, Code of Alabama 1975, to provide for the taxation of peer-to-peer car sharing programs under certain conditions.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 1 through 14 of this act shall be known and may be cited as the Peer-to-Peer Car Sharing Program Act.

Section 2. As used in Sections 1 through 14 of this act, the following words have the following meanings:

(1) CAR SHARING 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 peer-to-peer car sharing program agreement.

(2) CAR 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



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sharing start time and, in either case, ends at the car sharing termination time.

(3) CAR SHARING 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.

(4) CAR SHARING TERMINATION TIME. The earliest of the following events:

a. The expiration of the agreed-upon period of time established for the use of a shared vehicle according to the terms of the peer-to-peer car sharing program agreement, if the shared vehicle is delivered to the agreed upon location in the agreement.

b. When the shared vehicle is returned to a location as alternatively agreed upon by the shared vehicle owner and the shared vehicle driver as communicated through a peer-to-peer car sharing program, if the alternatively agreed upon location is incorporated into the peer-to-peer car sharing program agreement.

c. When the shared vehicle owner, or the shared vehicle owner's authorized designee, takes possession and control of the shared vehicle.

(5) PEER-TO-PEER CAR SHARING. The authorized use of a vehicle by an individual other than the vehicle's owner through a peer-to-peer car sharing program. The term does not include any of the following:

a. A rental or leasing transaction of tangible personal



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property which is subject to Article 4 of Chapter 12 of Title 40, Code of Alabama 1975, except as provided by Section 40-12-222(a)(2)b.1., Code of Alabama 1975.

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

(6) PEER-TO-PEER CAR SHARING PROGRAM. A business platform that connects vehicle owners with drivers to enable the sharing of vehicles for financial consideration. The term does not include any of the following:

a. A person engaging or continuing within this state in the business of leasing or renting any automotive vehicle or truck trailer, semitrailer, or house trailer that is subject to Article 4 of Chapter 12 of Title 40, Code of Alabama 1975.

b. A person facilitating a rental transaction of tangible personal property which is subject to Article 4 of Chapter 12 of Title 40, Code of Alabama 1975, except as provided by Section 40-12-222(a)(2)b.1., Code of Alabama 1975.

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

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

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

a. A motor vehicle rental agreement governed by Section



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32-15-6, Code of Alabama 1975.

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

(8) SHARED VEHICLE. A vehicle that is available for sharing through a peer-to-peer car sharing program. The term does not include an automotive vehicle or a truck trailer, semitrailer, or house trailer that is subject to Article 4 of Chapter 12 of Title 40, Code of Alabama 1975, except as provided by Section 40-12-222(a)(2)b.1., Code of Alabama 1975.

(9) SHARED VEHICLE DRIVER. An individual who has been authorized to drive a shared vehicle by the shared vehicle owner under a peer-to-peer car sharing program agreement. The term does not include a person hiring, leasing, or renting a motor vehicle under a rental agreement with a motor vehicle rental company licensed pursuant to Section 27-7-5.1, Code of Alabama 1975, or under a rental agreement governed by Section 32-15-6, Code of Alabama 1975.

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

a. A lessor that is subject to Article 4 of Chapter 12 of Title 40, Code of Alabama 1975, except as provided by Section 40-12-222(a)(2)b.1., Code of Alabama 1975.

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



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Section 3. (a) Except as provided in subsection (b), a peer-to-peer car sharing program shall assume liability of a shared vehicle owner for bodily injury or property damage to third parties during the car sharing period in an amount stated in the peer-to-peer car sharing program agreement. The amount shall not be less than the proof of financial responsibility required under Chapter 7 of Title 32, Code of Alabama 1975.

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

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

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

(c) Notwithstanding the definition of "car sharing termination time," the assumption of liability under subsection (a) applies to bodily injury or property damage to third parties as required under Chapter 7 of Title 32, Code of Alabama 1975.

(d) A peer-to-peer car sharing program shall ensure that during each car sharing period the shared vehicle owner and the shared vehicle driver are insured under a motor



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vehicle liability insurance policy that does all of the following:

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

(2) Does either of the following:

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

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

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

(1) A shared vehicle owner.

(2) A shared vehicle driver.

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

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

(f) The insurance described in subsection (e), that is satisfying the requirement of subsection (d), shall be primary during each car sharing period. If a claim occurs in another state with minimum financial responsibility limits higher than those described in Section 32-7-2, Code of Alabama 1975, during the car sharing period, the insurance maintained under subsection (e) shall satisfy the difference in minimum coverage amounts, up to the applicable policy limits.

(g) The insurer, insurers, or peer-to-peer car sharing



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program providing coverage under subsection (d) or (e) shall assume primary liability for a claim when either of the following occurs:

(1) A dispute exists as to who was in control of the shared vehicle at the time of the loss and the peer-to-peer car sharing program does not have available, did not retain, or fails to provide the information required by Section 6.

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

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

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

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

(1) Limits the liability of a peer-to-peer car sharing program for any act or omission of the peer-to-peer car sharing program which results in injury to any person as a result of the use of a shared vehicle through a peer-to-peer



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car sharing program.

(2) Limits the ability of the peer-to-peer car sharing program to seek indemnification, by contract, from the shared vehicle owner or the shared vehicle driver for economic loss sustained by the peer-to-peer car sharing program resulting from a breach of the terms and conditions of the peer-to-peer car sharing program agreement.

Section 4. When the owner of a vehicle registers as a shared vehicle owner on a peer-to-peer car sharing program, and before the owner makes a vehicle available for peer-to-peer car sharing on the peer-to-peer car sharing program, the peer-to-peer car sharing program shall notify the owner that, if the vehicle has a lien against the vehicle, the use of the vehicle through the peer-to-peer car sharing program, including use without physical damage coverage, may violate the terms of the contract with the lienholder.

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

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

(2) Personal injury protection coverage.

(3) Uninsured and underinsured motorist coverage.

(4) Medical payments coverage.

(5) Comprehensive physical damage coverage.



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225 (6) Collision physical damage coverage.

226 (b) Nothing in Sections 1 through 14 of this act
227 invalidates, limits, or restricts any of the following:

228 (1) An exclusion contained in a motor vehicle liability
229 insurance policy, including any insurance policy in use or
230 approved for use, which excludes coverage for motor vehicles
231 made available for rent, sharing, hire, or for any business
232 use.

233 (2) An insurer's ability under existing law to
234 underwrite any insurance policy.

235 (3) An insurer's ability under existing law to cancel
236 and nonrenew policies.

237 Section 6. (a) A peer-to-peer car sharing program shall
238 collect and verify records pertaining to the use of all shared
239 vehicles used in a peer-to-peer car sharing program,
240 including, but not limited to, all of the following:

241 (1) The number of times the shared vehicle is used.

242 (2) Car sharing period pick up and drop off locations.

243 (3) Fees paid by the shared vehicle driver.

244 (4) Revenues received by the shared vehicle owner.

245 (b) To facilitate a claim coverage investigation,
246 settlement, negotiation, or litigation, the peer-to-peer car
247 sharing program, upon request, shall provide the records
248 collected under subsection (a) to the shared vehicle owner,
249 the shared vehicle owner's insurer, or the shared vehicle
250 driver's insurer.

251 (c) The peer-to-peer car sharing program shall retain
252 the records for a time period not less than the applicable



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personal injury statute of limitations.

Section 7. A peer-to-peer car sharing program and a shared vehicle owner shall be exempt from vicarious liability, consistent with 49 U.S.C. § 30106, under any state or local law that imposes liability solely based on vehicle ownership.

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

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

(2) Excluded under the terms of its policy.

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

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

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

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

(2) Any liability of the shared vehicle owner.



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

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

283 Section 10. Each peer-to-peer car sharing program
284 agreement made in this state shall disclose to the shared
285 vehicle owner and the shared vehicle driver all of the
286 following:

287 (1) Any right of the peer-to-peer car sharing program
288 to seek indemnification from the shared vehicle owner or the
289 shared vehicle driver for economic loss sustained by the
290 peer-to-peer car sharing program resulting from a breach of
291 the terms and conditions of the peer-to-peer car sharing
292 program agreement.

293 (2) That a motor vehicle liability insurance policy
294 issued to the shared vehicle owner for the shared vehicle or
295 to the shared vehicle driver does not provide a defense or
296 indemnification for any claim asserted by the peer-to-peer car
297 sharing program.

298 (3) That the peer-to-peer car sharing program's
299 insurance coverage on the shared vehicle owner and the shared
300 vehicle driver is in effect only during each car sharing
301 period and that, for any use of the shared vehicle by the
302 shared vehicle driver after the car sharing termination time,
303 the shared vehicle driver and the shared vehicle owner may not
304 have insurance coverage.

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

308 (5) That the shared vehicle owner's motor vehicle



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309 liability insurance may not provide coverage for a shared
310 vehicle.

311 (6) An emergency telephone number to personnel capable
312 of fielding roadside assistance and other customer service
313 inquiries.

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

318 (8) The tire requirements for motor vehicles operated
319 on the highways of the state under Section 32-5-210, Code of
320 Alabama 1975.

321 Section 11. (a) A peer-to-peer car sharing program may
322 not enter into a peer-to-peer car sharing program agreement
323 with an individual who will operate a shared vehicle unless
324 the individual meets any of the following requirements:

325 (1) Is 18 years of age or older and holds a driver
326 license issued under Section 32-6-1, Code of Alabama 1975,
327 which authorizes him or her to operate vehicles of the class
328 of the shared vehicle.

329 (2) Is a nonresident who meets both of the following
330 requirements:

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

334 b. Is 18 years of age or older.

335 (3) Is 18 years of age or older and is specifically
336 authorized by Section 32-6-2, Code of Alabama 1975, to drive



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vehicles of the class of the shared vehicle.

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

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

(2) A copy of the driver license of the shared vehicle driver and each other person, if any, who will operate the shared vehicle.

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

Section 12. (a) A peer-to-peer car sharing program shall have sole responsibility for any equipment, including a Global Positioning System or other special equipment, that is placed in or on the shared vehicle to monitor or facilitate the car sharing transaction.

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

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

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

(1) Verify that the shared vehicle does not have any



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safety recalls on the vehicle for which the repairs have not been made.

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

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

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

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

Section 14. (a) Nothing in Sections 1 through 14 of this act shall expand or restrict in any manner the respective rights, obligations, or limitations of motor vehicle



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manufacturers and licensed new motor vehicle dealers as set forth in Chapter 20 of Title 8, Code of Alabama 1975.

(b) Nothing in Sections 1 through 14 of this act limits the right of an airport authority to regulate and impose fees on peer-to-peer car sharing programs that enable peer-to-peer car sharing at an airport.

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

"§40-12-222

(a) (1) In addition to all other taxes now imposed by law, there is hereby levied and shall be collected a privilege or license tax on each person engaging or continuing within this state in the business of leasing or renting tangible personal property at the rate of four percent of the gross proceeds derived by the lessor from the lease or rental of tangible personal property.

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

b.1. For purposes of paragraph a. only, the business of leasing or renting an automotive vehicle includes peer-to-peer car sharing as defined in Section 2 of the act amending this section. The gross proceeds collected by a peer-to-peer car



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sharing program as the leasing facilitator under Sections 1 through 14 of the act amending this section shall be subject to the tax set forth in paragraph a. only for those transactions where the shared vehicle was not subject to the applicable sales and use taxes upon purchase in the jurisdiction in which the shared vehicle owner purchased the vehicle or if sales and use taxes were not paid at the time of initial titling and registration in this state.

2. The peer-to-peer car sharing program shall require a shared vehicle owner to certify if the shared vehicle owner paid the applicable sales and use taxes upon purchase or at the time of initial titling and registration in this state. The peer-to-peer car sharing program shall retain records regarding a shared vehicle owner's certification that the shared vehicle meets the sales and use tax exception qualifications of this paragraph.

c. Notwithstanding paragraph b., any local rental tax levied pursuant to Section 45-37-244.01 shall be collected and remitted by any peer-to-peer car sharing program.

(3) The tax levied in this article shall not apply to any leasing or rental, as lessor, by the state, or any municipality or county in the state, or any public corporation organized under the laws of the state, including, without limiting the generality of the foregoing, any corporation organized under ~~the provisions of Sections 11-54-80 through 11-54-101~~ Division 1 of Article 4 of Chapter 54 of Title 11.

(4) The privilege or license tax on each person ~~or firm~~ engaging or continuing within this state in the business of



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the leasing and rental of linens and garments shall be at the rate of two percent of the gross proceeds derived by the lessor from the lease or rental of the linens and garments.

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

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

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

a. When tangible personal property is delivered to the lessee by the lessor or his or her agent, the privilege or license tax levy shall be determined based on where the property is delivered.

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

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



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477 a. The privilege or license tax levy on any
478 nonrecurring gross proceeds due at the inception of the lease
479 to a new motor vehicle dealer or a used motor vehicle dealer
480 licensed pursuant to Section 40-12-391, including any
481 capitalized cost reduction or other fee that is retained by
482 the dealer in connection with its initiation of the lease,
483 shall be determined based on the location of the dealer where
484 the lease was initiated.

485 b. The privilege or license tax levy on gross proceeds
486 other than those described in paragraph a., including the
487 initial lease or rental payment and all subsequent lease or
488 rental payments, shall be determined based on the garage
489 address of the lessee as provided to the county licensing
490 official. The lessor is considered to be engaging or
491 continuing within this state in the business of leasing or
492 renting tangible personal property when its lessee has a
493 garage address within this state."

494 Section 16. This act shall become effective on October
495 1, 2025.



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498 Senate

499 Read for the first time and referred19-Mar-25
500 to the Senate committee on Fiscal
501 Responsibility and Economic
502 Development

503
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506 0 amendments

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509 as amended
510 Yeas 31
511 Nays 0
512 Abstains 0

513
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515 Patrick Harris,
516 Secretary.
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