

SB109 INTRODUCED



1 SB109
2 W1BVX5E-1
3 By Senator Elliott
4 RFD: County and Municipal Government
5 First Read: 13-Jan-26



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4 SYNOPSIS:

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

10 This bill would also provide requirements for
11 the operation of a peer-to-peer car sharing program,
12 including insurance requirements, notification
13 requirements, tax requirements, recordkeeping and
14 reporting requirements, liability requirements,
15 consumer protection disclosure requirements, and safety
16 recall requirements.

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19 A BILL

20 TO BE ENTITLED

21 AN ACT

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23 Relating to motor vehicles; to establish the
24 Peer-to-Peer Car Sharing Program Act; to provide requirements
25 for the operation of peer-to-peer car sharing programs; and to
26 amend Section 40-12-222, Code of Alabama 1975, as last amended
27 by Act 2025-240, to provide for the taxation of peer-to-peer
28 car sharing programs under certain conditions.

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29 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

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

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

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

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



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

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

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

70 a. A rental or leasing transaction of tangible personal
71 property which is subject to Article 4 of Chapter 12 of Title
72 40, Code of Alabama 1975, except as provided by Section
73 40-12-222(a)(2)b.1., Code of Alabama 1975.

74 b. Hiring, leasing, or renting a motor vehicle under a
75 rental agreement governed by Section 32-15-6, Code of Alabama
76 1975.

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

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



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

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

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

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

98 a. A motor vehicle rental agreement governed by Section
99 32-15-6, Code of Alabama 1975.

100 b. A rental agreement with a motor vehicle rental
101 company licensed pursuant to Section 27-7-5.1, Code of Alabama
102 1975.

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

109 (9) SHARED VEHICLE DRIVER. An individual who has been
110 authorized to drive a shared vehicle by the shared vehicle
111 owner under a peer-to-peer car sharing program agreement. The
112 term does not include a person hiring, leasing, or renting a



113 motor vehicle under a rental agreement with a motor vehicle
114 rental company licensed pursuant to Section 27-7-5.1, Code of
115 Alabama 1975, or under a rental agreement governed by Section
116 32-15-6, Code of Alabama 1975.

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

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

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

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

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

139 (1) When a shared vehicle owner makes an intentional or
140 fraudulent material misrepresentation or omission to the



141 peer-to-peer car sharing program before the car sharing period
142 in which the loss occurred.

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

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

152 (d) A peer-to-peer car sharing program shall ensure
153 that during each car sharing period the shared vehicle owner
154 and the shared vehicle driver are insured under a motor
155 vehicle liability insurance policy that does all of the
156 following:

157 (1) Provides insurance coverage in amounts no less than
158 the minimum amounts required for proof of financial
159 responsibility described under Section 32-7-2, Code of Alabama
160 1975.

161 (2) Does either of the following:

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

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

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



169 (1) A shared vehicle owner.
170 (2) A shared vehicle driver.
171 (3) A peer-to-peer car sharing program.
172 (4) Any combination of a shared vehicle owner, a shared
173 vehicle driver, or a peer-to-peer car sharing program.

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

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

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

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

193 (h) If insurance purchased by a shared vehicle owner or
194 shared vehicle driver pursuant to subsection (e) has lapsed or
195 does not provide the required coverage, insurance maintained
196 by a peer-to-peer car sharing program shall provide the

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197 coverage required by subsection (d) beginning with the first
198 dollar of a claim and shall have the duty to defend the claim
199 except under circumstances as set forth in subsection (b).

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

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

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

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

218 Section 4. When the owner of a vehicle registers as a
219 shared vehicle owner on a peer-to-peer car sharing program,
220 and before the owner makes a vehicle available for
221 peer-to-peer car sharing on the peer-to-peer car sharing
222 program, the peer-to-peer car sharing program shall notify the
223 owner that, if the vehicle has a lien against the vehicle, the
224 use of the vehicle through the peer-to-peer car sharing



225 program, including use without physical damage coverage, may
226 violate the terms of the contract with the lienholder.

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

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

235 (2) Personal injury protection coverage.

236 (3) Uninsured and underinsured motorist coverage.

237 (4) Medical payments coverage.

238 (5) Comprehensive physical damage coverage.

239 (6) Collision physical damage coverage.

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

242 (1) An exclusion contained in a motor vehicle liability
243 insurance policy, including any insurance policy in use or
244 approved for use, which excludes coverage for motor vehicles
245 made available for rent, sharing, hire, or for any business
246 use.

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

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

251 Section 6. (a) A peer-to-peer car sharing program shall
252 collect and verify records pertaining to the use of all shared



253 vehicles used in a peer-to-peer car sharing program,
254 including, but not limited to, all of the following:

255 (1) The number of times the shared vehicle is used.
256 (2) Car sharing period pick up and drop off locations.
257 (3) Fees paid by the shared vehicle driver.
258 (4) Revenues received by the shared vehicle owner.

259 (b) To facilitate a claim coverage investigation,
260 settlement, negotiation, or litigation, the peer-to-peer car
261 sharing program, upon request, shall provide the records
262 collected under subsection (a) to the shared vehicle owner,
263 the shared vehicle owner's insurer, or the shared vehicle
264 driver's insurer.

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

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

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

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



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

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

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

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

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

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

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

294 Section 10. Each peer-to-peer car sharing program
295 agreement made in this state shall disclose to the shared
296 vehicle owner and the shared vehicle driver all of the
297 following:

298 (1) Any right of the peer-to-peer car sharing program
299 to seek indemnification from the shared vehicle owner or the
300 shared vehicle driver for economic loss sustained by the
301 peer-to-peer car sharing program resulting from a breach of
302 the terms and conditions of the peer-to-peer car sharing
303 program agreement.

304 (2) That a motor vehicle liability insurance policy
305 issued to the shared vehicle owner for the shared vehicle or
306 to the shared vehicle driver does not provide a defense or
307 indemnification for any claim asserted by the peer-to-peer car
308 sharing program.



309 (3) That the peer-to-peer car sharing program's
310 insurance coverage on the shared vehicle owner and the shared
311 vehicle driver is in effect only during each car sharing
312 period and that, for any use of the shared vehicle by the
313 shared vehicle driver after the car sharing termination time,
314 the shared vehicle driver and the shared vehicle owner may not
315 have insurance coverage.

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

319 (5) That the shared vehicle owner's motor vehicle
320 liability insurance may not provide coverage for a shared
321 vehicle, including as a commercial rental.

322 (6) An emergency telephone number to personnel capable
323 of fielding roadside assistance and other customer service
324 inquiries.

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

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

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

336 (1) Is 18 years of age or older and holds a driver



337 license issued under Section 32-6-1, Code of Alabama 1975,
338 which authorizes him or her to operate vehicles of the class
339 of the shared vehicle.

340 (2) Is a nonresident who meets both of the following
341 requirements:

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

345 b. Is 18 years of age or older.

346 (3) Is 18 years of age or older and is specifically
347 authorized by Section 32-6-2, Code of Alabama 1975, to drive
348 vehicles of the class of the shared vehicle.

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

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

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

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

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

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



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

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

375 (1) Verify that the shared vehicle does not have any
376 safety recalls on the vehicle for which the repairs have not
377 been made.

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

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

392 (3) If a shared vehicle owner receives an actual notice



393 of a safety recall on a shared vehicle while the shared
394 vehicle is in the possession of a shared vehicle driver and
395 engaged in peer-to-peer car sharing during a car sharing
396 period, the shared vehicle owner shall notify the peer-to-peer
397 car sharing program about the safety recall as soon as
398 practicably possible after receiving the notice of the safety
399 recall. The shared vehicle may not be listed as available
400 until the safety recall repair has been made.

401 Section 14. (a) Nothing in Sections 1 through 14 of
402 this act shall expand or restrict in any manner the respective
403 rights, obligations, or limitations of motor vehicle
404 manufacturers and licensed new motor vehicle dealers as set
405 forth in Chapter 20 of Title 8, Code of Alabama 1975.

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

410 Section 15. Section 40-12-222, Code of Alabama 1975, as
411 last amended by Act 2025-240, is amended to read as follows:

412 "§40-12-222

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

420 (2) ~~The~~a. Except as provided in paragraph b., the



421 privilege or license tax on each person engaging or continuing
422 within this state in the business of leasing or renting any
423 automotive vehicle or truck trailer, semitrailer, or house
424 trailer shall be at the rate of one and one-half percent of
425 the gross proceeds derived by the lessor from the lease or
426 rental of such automotive vehicle or truck trailer,
427 semitrailer, or house trailer.

428 b.1. For purposes of paragraph a. only, the business of
429 leasing or renting an automotive vehicle includes peer-to-peer
430 car sharing as defined in Section 2 of the act amending this
431 section. The gross proceeds collected by a peer-to-peer car
432 sharing program as the leasing facilitator under Sections 1
433 through 14 of the act amending this section shall be subject
434 to the tax set forth in paragraph a. only for those
435 transactions where the shared vehicle was not subject to the
436 applicable sales and use taxes upon purchase in the
437 jurisdiction in which the shared vehicle owner purchased the
438 vehicle or if sales and use taxes were not paid at the time of
439 initial titling and registration in this state.

440 2. The peer-to-peer car sharing program shall require a
441 shared vehicle owner to certify if the shared vehicle owner
442 paid the applicable sales and use taxes upon purchase or at
443 the time of initial titling and registration in this state.
444 The peer-to-peer car sharing program shall retain records of a
445 shared vehicle owner's certification under this paragraph.

446 c. Notwithstanding paragraph b., beginning October 1,
447 2026, any local rental tax levied pursuant to Section
448 45-37-244.01 shall be collected and remitted by any



449 peer-to-peer car 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 Division 1 of Article 4 of~~
456 ~~Chapter 54, Title 11~~Division 1 of Article 4 of Chapter 54 of
457 Title 11.

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

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

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

474 (1) Except for automotive vehicles as provided in
475 subdivision (2) and commercial aircraft as provided in
476 subdivision (3), the following shall apply:



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

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

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

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

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

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505 garage address within this state.

506 (3) For commercial aircraft, which are aircraft used by
507 certificated or licensed air carriers, the privilege or
508 license tax levy on gross proceeds, including the initial
509 lease or rental payment and all subsequent lease or rental
510 payments, shall be determined based on the location of the
511 aircraft when the aircraft is first entered into revenue
512 service."

513 Section 16. This act shall become effective on October
514 1, 2026.