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Laura Kelly, Governor

March 2, 2021

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions
Statehouse, Room 235A-E
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 243 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 243 is respectfully submitted to your committee.

SB 243 would enact the Peer-to-Peer Vehicle Sharing Program Act. The bill outlines, among other things, liability insurance and licensing requirements for drivers participating in, and companies providing, a peer-to-peer vehicle sharing program. The bill would take effect and be in force beginning January 1, 2022, and its publication in the statute book.

The Kansas Department of Revenue states that according to research published by the National Conference of State Legislatures (NCSL) in January 2020, eight states have approved peer-to-peer car sharing legislation, with one state approving a feasibility study on establishing a peer-to-peer car sharing regulatory framework. The NCSL reports that the number of peer-to-peer car sharing members is unknown. The Department states that according to industry data, peer-to-peer car rentals can run from $20 to over $250 per day depending on the model of the vehicle. In calendar year 2020, almost 2.7 million vehicles were registered in the State of Kansas. The department states that it could have to notify 1,600 customers if the vehicle Rental Excise Tax is applicable in addition to sales tax. However, the agency does not indicate any additional funding would be required.

The Insurance Department states that the bill would require the peer-to-peer vehicle sharing program to assume liability of shared vehicle owners for bodily injury or property damage to third parties for uninsured and underinsured motorists or personal injury protection losses during the vehicle sharing period. According to the Insurance Department, enactment of SB 243 would result in an increase of premium taxes collected from insurance companies. The agency would retain 1.0 percent of any additional premium tax collected from enactment of the bill and the remainder would be remitted to the State General Fund. However, the fiscal effect cannot be estimated because the number of additional premium taxes that would be collected is unknown. Any fiscal effect associated with SB 243 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

Adam Proffitt
Director of the Budget

cc: Bobbi Mariani, Insurance
Lynn Robinson, Department of Revenue