

NetChoice *Promoting Convenience, Choice, and Commerce on The Net*

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Senator Travis Holdman, Chair
Committee on Tax and Fiscal Policy
Indiana Senate
200 W. Washington Street
Indianapolis, IN 46204

January 31, 2018

RE: Opposition to Sections 14-15 in SB 242 – creating new discriminatory burdens on sharing

Dear Chairman Holdman and members of the committee:

We ask that you strike Sections 14-15 in SB 242. These sections discourage new income opportunities for Indiana residents and impose burdensome regulations that are antithetical to property rights core to Indiana values.

Sections 14-15 would impose barriers on home and car owners' ability to share their home or car for a couple of days via Turo, AnyVan, Airbnb, or HomeAway. Moreover, Sections 14-15 require online platforms to disclose private contract negotiations. Finally, Sections 14-15 contain express carve-outs for big hotels and big car-rental companies.

To that end, we suggest removing Sections 14-15 and instead having a robust conversation about the benefits of the sharing economy.

Benefits of sharing economy to Indiana residents

The "sharing economy" is creating new ways for Indiana residents to earn extra income when they are not using their assets. This includes sharing tools via Local Tools, cars via Turo and AnyVan, and homes via Home Away and Airbnb.

Consider, for example, Indiana families that need a pick-up truck to move furniture. Car-sharing services help connect families that need a truck with neighbors who have a truck available for use. This helps car-owners earn extra income by sharing their cars with their neighbors.

Or consider the Indianapolis family that wants to leave town during the Indy 500. Home-sharing services allow these families to earn extra revenue for their otherwise empty homes.

Sections 14-15 impair the property rights of Indiana citizens

Making it harder to use their home and car the way they want, Sections 14-15 limitations on Indiana residents seem counter to the state's values. Expanding the definition of "facilitator" can force Indiana residents to have to apply for licenses visit the city court or town hall, all before they do something as simple as lend their truck to a neighbor for a couple of dollars.

Big rental car and hotel chains benefit most from passage of Sections 14-15

Big hotel and rental car companies are backing legislation like Sections 14-15 because they view the emergence of the sharing economy as a threat to their business model. These big companies want to create artificial barriers to competition and are using legislation like Sections 14-15 as a form of *competition prevention*.

Home and Car-Sharing platforms are not hotels or rental car companies

While car-rental companies want legislators to treat car-sharing as car-rentals, the two activities are markedly different. For example, unlike Enterprise or Hertz, online platforms don't own the cars that are shared. In fact, the users of the service are the car owners.

Moreover, big car-rental companies take advantage of tax loopholes rarely available to Indiana car owners who shares their assets. Big rental car companies get a special exemption in Indiana which lets them avoid \$81 million in sales taxes annually when they buy new cars for their fleets.

Large entrenched incumbents may use words like "fairness" or "even playing field" but they don't really want that. If they did want an even playing field, then big hotels like Marriott shouldn't accept over \$3 million in development incentives from the taxpayers of Fort Wayne.

We ask that you strike Sections 14-15. Nonetheless, we welcome the opportunity to work with you on reasonable regulations that allow all to prosper.

Sincerely,



Carl Szabo

Vice President and General Counsel, NetChoice

NetChoice is a trade association of e-Commerce and online businesses. www.netchoice.org