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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/22/19  
 SPONSOR Sapient LAST UPDATED 3/5/19 HB \_\_\_\_\_  
 SHORT TITLE Peer-to-Peer Car Sharing Act SB 556/aSJC  
 ANALYST Gaussoin/Daly

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>				Indeterminate but minimal		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Response Received From  
 New Mexico Municipal League

No Responses Received  
 Taxation and Revenue Department (TRD)  
 Department of Transportation (NMDOT)

### SUMMARY

#### Synopsis of SJC Amendments

The Senate Judiciary Committee amendments to Senate Bill 556 make several correcting and clarifying modifications to the bill that do not change the substance or intent of the bill's provisions.

#### Synopsis of Original Bill

Senate Bill 556 creates the Peer-to-Peer Car Sharing Act and establishes the responsibilities and liabilities of the shared vehicle owner, shared vehicle drivers, and the car-sharing company.

The bill requires the shared vehicle owner and drivers to both carry insurance, exempts the car-sharing program and owner from vicarious liability – being held responsible for the acts of another – and makes the car-sharing program responsible for damage or loss of global positioning system or other equipment installed to monitor or facilitate the sharing of the vehicle.

Under the bill, the program assumes liability for the vehicle owner for bodily injury or property damage to third parties or uninsured and underinsured motorists or personal injury protection losses when the vehicle is in use by another driver. In addition, the bill allows motor vehicle insurers in New Mexico to exclude liability coverage to a vehicle owner who shares his vehicle but prohibits an insurer from denying, canceling, voiding, or refusing to renew a policy solely on the basis that car has been made available for sharing if the vehicle owner informed the insurer. The bill addresses additional insurance issues.

The car-sharing program would be required to ensure both drivers and owners are insured, to keep records on the use of the vehicle for as long as the personal injury statute of limitations, and to provide information to the vehicle owner on insurance requirements and other details, including information that a vehicle with an outstanding lien might be barred from a car-sharing program by the loan company.

The vehicle owner would be responsible for removing the vehicle from the sharing program if the vehicle is subject to a recall.

The bill also requires car-sharing programs that operate at public airports to enter into a concession fee agreement with the airport.

The bill repeals 7-14A-3.1 NMSA 1978 regarding the imposition of a leased vehicle surcharge.

The effective date of the bill is July 1, 2019.

## **FISCAL IMPLICATIONS**

The insurance responsibilities in the bill fall under the New Mexico Insurance Code, enforced by the Office of Superintendent of Insurance. The Motor Vehicle Division enforces state law requiring vehicle owners to carry insurance. While the bill is likely to require one or both agencies to promulgate new rules, the administrative burden should be limited.

## **SIGNIFICANT ISSUES**

Car sharing is typically a membership-based service that provides members with access for as little as an hour to an insured vehicle. The National Conference of State Legislatures (NCSL) in 2017 identified four main sharing models: roundtrip, which requires drivers to return the car to a base; one-way station-based, which allows drivers to leave the vehicle in a dedicated parking space; one-way floating, which allows drivers to leave the vehicle anywhere within a zone; and peer-to-peer, which involves a company brokering transactions between vehicle owners and renters.

Car sharing differs from ride-sourcing services like Uber and Lyft, which involve a driver picking up and dropping off a passenger.

In its 2017 report, NCSL cited a 2015 study by the New York University Stern School of Business that indicated “peer-to-peer markets improve consumer welfare by providing more choices and helping individuals reduce costs related with car-ownership.” NCSL noted “many” cities provide car-sharing programs with access to pre-paid or free public parking or other incentives, and legislatures in California, Oregon, and Washington have enacted laws to ease

peer-to-peer sharing and clarify the regulatory framework.

The Berkeley Transportation Sustainable Research Center in the March 2018 report “Shared Mobility: The Potential of Ride Hailing and Pooling” found car sharing is getting easier and more convenient. “Innovative mobility services premised on pooling can lower travel costs, mitigate congestion, and reduce greenhouse gas emissions. They also offer travelers more mobility choices between the traditional bookends of auto ownership and public transit,” the report said.

In an October 2016 *Forbes* article, peer-to-peer car-sharing company Turo, which has 200 thousand members, argued car sharing gives travelers more choices and allows car owners to take an asset and turn it into “an earnings engine.” However, a companion article said car rental companies claim car-sharing companies provide substandard, unregulated services and not pay their fair share of taxes. Nevertheless, car rental giant Enterprise has entered the car-sharing market and has a program in Albuquerque.

Of note, the *Washington Post* reported in March 2018 that “airports have become the front lines in an emerging war between companies such as Enterprise and Hertz and Turo” because of the relative ease of car sharing over traditional car rental. An American Car Rental Association lobbyist is quoted in the article as saying Turo, Getaround, another peer-to-peer service, and other car-sharing organizations are no different than rental companies and should comply with the same rules and pay the same fees.

#### **ADMINISTRATIVE IMPLICATIONS**

The insurance responsibilities in the bill fall under the New Mexico Insurance Code, enforced by the Office of Superintendent of Insurance. The Motor Vehicle Division enforces state law requiring vehicle owners to carry insurance.

#### **OTHER SUBSTANTIVE ISSUES**

The Municipal League argues the provision in the bill allowing insurers that write motor vehicle policies to exclude liability coverage for shared vehicles means the owner would be required to obtain insurance that specifically covers the car-sharing arrangement.

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