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SENATE BILL NO. 735

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance and Appropriations
on February 10, 2020)

(Patrons Prior to Substitute—Senators Newman and Cosgrove [SBs 749 and 750])

A *BILL to amend and reenact §§ 38.2-2204, 58.1-1734, 58.1-1735, 58.1-1736, 58.1-1738, 58.1-1741, 59.1-207.29, 59.1-207.31, and 59.1-207.32 of the Code of Virginia and to amend the Code of Virginia by adding in Title 46.2 a chapter numbered 14.1, consisting of sections numbered 46.2-1408 through 46.2-1418, relating to peer-to-peer vehicle sharing platforms.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-2204, 58.1-1734, 58.1-1735, 58.1-1736, 58.1-1738, 58.1-1741, 59.1-207.29, 59.1-207.31, and 59.1-207.32 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Title 46.2 a chapter numbered 14.1, consisting of sections numbered 46.2-1408 through 46.2-1418, as follows:

§ 38.2-2204. Liability insurance on motor vehicles, aircraft and watercraft; standard provisions; "omnibus clause."

A. No policy or contract of bodily injury or property damage liability insurance, covering liability arising from the ownership, maintenance, or use of any motor vehicle, aircraft, or private pleasure watercraft, shall be issued or delivered in this Commonwealth to the owner of such vehicle, aircraft or watercraft, or shall be issued or delivered by any insurer licensed in this Commonwealth upon any motor vehicle, aircraft, or private pleasure watercraft that is principally garaged, docked, or used in this Commonwealth, unless the policy contains a provision insuring the named insured, and any other person using or responsible for the use of the motor vehicle, aircraft, or private pleasure watercraft with the expressed or implied consent of the named insured, against liability for death or injury sustained, or loss or damage incurred within the coverage of the policy or contract as a result of negligence in the operation or use of such vehicle, aircraft, or watercraft by the named insured or by any such person; however, nothing contained in this section shall be deemed to prohibit an insurer from limiting its liability under any one policy for bodily injury or property damage resulting from any one accident or occurrence to the liability limits for such coverage set forth in the policy for any such accident or occurrence or for any one person, regardless of the number of insureds under that policy. Provided that, when one accident or occurrence involves more than one defendant who is covered by the policy, the plaintiff may recover the per person limit of the policy against each such defendant, subject to the per accident or occurrence limit of the policy. Each such policy or contract of liability insurance, or endorsement to the policy or contract, insuring private passenger automobiles, aircraft, or private pleasure watercraft principally garaged, docked, or used in this Commonwealth, that has as the named insured an individual or husband and wife and that includes, with respect to any liability insurance provided by the policy, contract or endorsement for use of a nonowned automobile, aircraft or private pleasure watercraft, any provision requiring permission or consent of the owner of such automobile, aircraft, or private pleasure watercraft for the insurance to apply, shall be construed to include permission or consent of the custodian in the provision requiring permission or consent of the owner.

B. Notwithstanding any requirements in this section to the contrary, an insurer may exclude any person from coverage under a personal umbrella or excess policy, if the exclusion is requested in writing by the first named insured and is acknowledged in writing by the excluded driver.

C. For aircraft liability insurance, such policy or contract may contain the exclusions listed in § 38.2-2227. Notwithstanding the provisions of this section or any other provisions of law, no policy or contract shall require pilot experience greater than that prescribed by the Federal Aviation Administration, except for pilots operating air taxis, or pilots operating aircraft applying chemicals, seed, or fertilizer.

D. No policy or contract of bodily injury or property damage liability insurance relating to the ownership, maintenance, or use of a motor vehicle shall be issued or delivered in this Commonwealth to the owner of such vehicle or shall be issued or delivered by an insurer licensed in this Commonwealth upon any motor vehicle principally garaged or used in this Commonwealth without an endorsement or provision insuring the named insured, and any other person using or responsible for the use of the motor vehicle with the expressed or implied consent of the named insured, against liability for death or injury sustained, or loss or damage incurred within the coverage of the policy or contract as a result of negligence in the operation or use of the motor vehicle by the named insured or by any other such person; however, nothing contained in this section shall be deemed to prohibit an insurer from limiting its liability under any one policy for bodily injury or property damage resulting from any one accident or occurrence to the liability limits for such coverage set forth in the policy for any such accident or

occurrence or for any one person regardless of the number of insureds under that policy. Provided that, when one accident or occurrence involves more than one defendant who is covered by the policy, the plaintiff may recover the per person limit of the policy against each such defendant, subject to the per accident or occurrence limit of the policy. This provision shall apply notwithstanding the failure or refusal of the named insured or such other person to cooperate with the insurer under the terms of the policy. If the failure or refusal to cooperate prejudices the insurer in the defense of an action for damages arising from the operation or use of such insured motor vehicle, then the endorsement or provision shall be void. If an insurer has actual notice of a motion for judgment or complaint having been served on an insured, the mere failure of the insured to turn the motion or complaint over to the insurer shall not be a defense to the insurer, nor void the endorsement or provision, nor in any way relieve the insurer of its obligations to the insured, provided the insured otherwise cooperates and in no way prejudices the insurer.

Where the insurer has elected to provide a defense to its insured under such circumstances and files responsive pleadings in the name of its insured, the insured shall not be subject to sanctions for failure to comply with discovery pursuant to Part Four of the Rules of the Supreme Court of Virginia unless it can be shown that the suit papers actually reached the insured, and that the insurer has failed after exercising due diligence to locate its insured, and as long as the insurer provides such information in response to discovery as it can without the assistance of the insured.

E. Any endorsement, provision or rider attached to or included in any such policy of insurance which purports or seeks to limit or reduce the coverage afforded by the provisions required by this section shall be void, except an insurer may exclude such coverage as is afforded by this section, where such coverage would inure to the benefit of the United States Government or any agency or subdivision thereof under the provisions of the Federal Tort Claims Act, the Federal Drivers Act and Public Law 86-654 District of Columbia Employee Non-Liability Act, or to the benefit of the Commonwealth under the provisions of the Virginia Tort Claims Act (§ 8.01-195.1 et seq.) and the self-insurance plan established by the Department of General Services pursuant to § 2.2-1837 for any state employee who, in the regular course of his employment, transports patients in his own personal vehicle.

F. An insurer writing a policy of bodily injury or property damage liability motor vehicle insurance, or an endorsement to such policy, may exclude coverage under a motor vehicle policy issued to the owner of a shared vehicle for use of such vehicle on a peer-to-peer vehicle sharing platform during the vehicle sharing period for (i) liability coverage for bodily injury and property damage, (ii) uninsured and underinsured motorist coverage, (iii) medical expense and loss of income benefits coverage, and (iv) collision and other than collision physical damage coverage. Nothing in this article invalidates or limits an exclusion contained in a motor vehicle liability insurance policy, including any insurance policy in use or approved for use, that excludes coverage for motor vehicles used as a public or livery conveyance. For purposes of this subsection, "peer-to-peer vehicle sharing platform," "shared vehicle," and "vehicle sharing period" have the meanings ascribed to those terms in § 46.2-1408.

Chapter 14.1.

Peer-to-Peer Vehicle Sharing.

§ 46.2-1408. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Peer-to-peer vehicle sharing" means the authorized use of a shared vehicle by a shared vehicle driver through a peer-to-peer vehicle sharing platform.

"Peer-to-peer vehicle sharing platform" means an online-enabled application, website, or system that connects vehicle owners with drivers to enable the sharing of peer-to-peer shared vehicles for financial consideration.

"Shared vehicle" means a motor vehicle that has been made available for sharing through a peer-to-peer vehicle sharing platform. "Shared vehicle" does not include a daily rental vehicle as defined in § 58.1-1735.

"Shared vehicle driver" means an individual who has been authorized to operate a shared vehicle by the shared vehicle owner under a vehicle sharing platform agreement.

"Shared vehicle owner" means 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 vehicle sharing platform.

"Vehicle sharing delivery period" means the period of time beginning when the agent of a peer-to-peer vehicle sharing platform takes custody of the shared vehicle and ending when the shared vehicle arrives at the location agreed upon in the governing vehicle sharing platform agreement.

"Vehicle sharing period" means the period of time that commences with the vehicle sharing delivery period or, if there is no vehicle sharing delivery period, that commences when the vehicle sharing start time occurs and ends at the vehicle sharing termination time.

"Vehicle sharing platform agreement" means 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

vehicle sharing platform.

"Vehicle sharing start time" means the time when the shared vehicle becomes subject to the control of the shared vehicle driver at or after the sharing of a shared vehicle is scheduled to begin as documented in the records of a peer-to-peer vehicle sharing platform.

"Vehicle sharing termination time" means the earliest of the following events:

1. When the shared vehicle is delivered to the location agreed upon in the vehicle sharing platform agreement on or after the expiration of the agreed-upon period of time established for the use of a shared vehicle according to the terms of the vehicle sharing platform agreement;

2. When the shared vehicle is returned to a location as alternatively agreed upon by the shared vehicle owner and shared vehicle driver within the agreed-upon period of time as communicated through a peer-to-peer vehicle sharing platform; or

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

§ 46.2-1409. Peer-to-peer insurance coverage.

A. A peer-to-peer vehicle sharing platform shall ensure that at all times during each vehicle sharing period the shared vehicle owner and the shared vehicle driver are insured under a motor vehicle liability insurance policy that provides uninsured motorist coverage and bodily injury and property damage liability coverage and that provides primary insurance coverage in an amount not less than the applicable financial responsibility limits set forth in this title and in § 38.2-2206 and:

1. Contains written recognition that the shared vehicle insured under the policy is made available and used through a peer-to-peer vehicle sharing platform; or

2. Does not exclude use of a shared vehicle by a shared vehicle driver.

B. A peer-to-peer vehicle sharing platform shall assume primary liability, except as provided in subsection C, of a shared vehicle owner for bodily injury and property damage to third parties and uninsured motorist losses during the vehicle sharing period in an amount stated in the vehicle sharing platform agreement, which amount shall not be less than the applicable financial responsibility limits set forth in this title and in § 38.2-2206.

C. Notwithstanding the definition of vehicle sharing termination time in § 46.2-1408, the assumption of liability under subsection B does not apply to any shared vehicle owner when such shared vehicle owner:

1. Performs an act, practice, or omission that constitutes fraud or makes an intentional misrepresentation of material fact to the peer-to-peer vehicle sharing platform before the vehicle sharing period in which the loss occurred; or

2. Acts in concert with a shared vehicle driver who fails to return the shared vehicle pursuant to the terms of the vehicle sharing platform agreement.

D. The insurance described under subsection A may be satisfied by motor vehicle liability insurance maintained by:

1. A shared vehicle owner;

2. A shared vehicle driver;

3. A peer-to-peer vehicle sharing platform; or

4. Any combination of a shared vehicle owner, a shared vehicle driver, and a peer-to-peer vehicle sharing platform.

E. The peer-to-peer vehicle sharing platform shall assume primary liability for a claim when it is in whole or in part providing the insurance required pursuant to subsections A and D and:

1. A dispute exists as to who was in control of the shared vehicle at the time of the loss; and

2. The peer-to-peer vehicle sharing platform does not have available, did not retain, or fails to provide the information required by § 46.2-1413.

F. The vehicle owner's insurer shall indemnify the peer-to-peer vehicle sharing platform to the extent of its obligation under the applicable insurance policy, if it is determined that the shared vehicle's owner or his designee was in control of the shared vehicle at the time of the loss.

If any insurer providing insurance coverage under subsection D pays a claim that it was not obligated to pay, such insurer shall be entitled to indemnification from the insurer of the party that had the obligation to pay the claim.

G. If insurance maintained by a shared vehicle owner or shared vehicle driver in accordance with subsection D has lapsed, has been canceled, or does not provide the required coverage, the insurer providing the insurance maintained by a peer-to-peer vehicle sharing platform shall provide coverage pursuant to subsection A beginning with the first dollar of a claim and shall have the duty to defend such claim except under circumstances set forth in subsection C.

H. Coverage under a motor vehicle liability insurance policy maintained by the peer-to-peer vehicle sharing platform shall not be dependent on another automobile insurer's first denying a claim, nor shall another motor vehicle insurance policy be required to first deny a claim.

I. Nothing in this chapter:

1. Limits the liability of the peer-to-peer vehicle sharing platform for any act or omission of the peer-to-peer vehicle sharing platform itself that results in injury to any person as a result of the use of a shared vehicle through a peer-to-peer vehicle sharing platform; or

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

J. A peer-to-peer vehicle sharing platform shall either provide or offer for sale to the shared vehicle owner or shared vehicle driver collision and other than collision coverage for physical loss to the shared vehicle during the vehicle sharing period. Such coverage shall be in an amount not less than the actual cash value of the shared vehicle.

K. Any insurer providing coverage under subsection D, or an individual who suffers a loss arising from the use of a shared vehicle or the attorney for such insurer or individual, or a personal representative of the estate of a decedent who died as a result of a motor vehicle accident involving a shared vehicle if not represented by counsel, and who provides the peer-to-peer vehicle sharing platform with the date, approximate time, and location of the accident and, if available, the name of the shared vehicle owner and, if available, the accident report, may request in writing from the peer-to-peer vehicle sharing platform the identity of any insurer that may have provided coverage and the limits of liability, regardless of whether the insurer contests the applicability of the policy to the claim, and whether, at the approximate time of the accident, the shared vehicle was in a vehicle sharing period. The peer-to-peer vehicle sharing platform shall respond within 30 days with the requested information if such information is in the peer-to-peer vehicle sharing platform's possession. Any further exchange of information shall be covered pursuant to § 8.01-417.

§ 46.2-1410. Exemption: vicarious liability.

A peer-to-peer vehicle sharing platform and a shared vehicle owner shall be exempt from vicarious liability under any law that imposes liability solely based on vehicle ownership for any offense that occurs during a vehicle sharing period.

§ 46.2-1411. Notification of implications of lien.

At the time when a vehicle owner registers as a shared vehicle owner on a peer-to-peer vehicle sharing platform and prior to when the shared vehicle owner makes a shared vehicle available for vehicle sharing on the peer-to-peer vehicle sharing platform, the peer-to-peer vehicle sharing platform shall notify the shared vehicle owner that, if the shared vehicle has a lien against it, the use of the shared vehicle through a peer-to-peer vehicle sharing platform, including use without physical damage coverage, may violate the terms of the contract with the lienholder.

§ 46.2-1412. Insurable interest.

A. Notwithstanding any provision of law to the contrary, a peer-to-peer vehicle sharing platform shall have an insurable interest in a shared vehicle during the vehicle sharing period.

B. A peer-to-peer vehicle sharing platform may own and maintain as the named insured one or more policies of motor vehicle liability insurance that provides coverage for:

1. Liabilities assumed by the peer-to-peer vehicle sharing platform under a vehicle sharing platform agreement;

2. Any liability of the shared vehicle owner;

3. Damage or loss to the shared vehicle; or

4. Any liability of the shared vehicle driver.

§ 46.2-1413. Recordkeeping: use of vehicle in vehicle sharing.

A peer-to-peer vehicle sharing platform shall collect and verify records pertaining to the use of a shared vehicle, including a record of the identity of the shared vehicle driver, times used, locations established pursuant to the vehicle sharing platform agreement, fees paid by the shared vehicle driver, and revenues received by the shared vehicle owner, and provide such records upon request to the shared vehicle owner, the shared vehicle owner's insurer, or the shared vehicle driver's insurer to facilitate a claim coverage investigation, settlement, negotiation, or litigation. The peer-to-peer vehicle sharing platform shall retain the records for at least five years.

§ 46.2-1414. Consumer protections; disclosures.

Each vehicle sharing platform agreement shall disclose to the shared vehicle owner and the shared vehicle driver:

1. Any right of the peer-to-peer vehicle sharing platform to seek indemnification from the shared vehicle owner or the shared vehicle driver for economic loss sustained by the peer-to-peer vehicle sharing platform resulting from a breach of terms and conditions of the vehicle sharing platform agreement;

2. That a motor vehicle liability insurance policy provided by the peer-to-peer vehicle sharing platform to the shared vehicle owner for the shared vehicle or to the shared vehicle driver does not

provide a defense or indemnification for any claim asserted by the peer-to-peer vehicle sharing platform;

3. That the peer-to-peer vehicle sharing platform's insurance coverage on the shared vehicle owner and the shared vehicle driver is in effect only during each vehicle sharing period and that for any use of the shared vehicle by the shared vehicle driver after the vehicle sharing termination time, the shared vehicle driver and the shared vehicle owner may not have insurance coverage;

4. The daily rate, fees, taxes, and, if applicable, any insurance or protection package costs that are charged to the shared vehicle owner or the shared vehicle driver;

5. That the shared vehicle owner's motor vehicle liability insurance may not provide coverage for a shared vehicle;

6. An emergency telephone number to personnel capable of fielding roadside assistance and other customer service inquiries;

7. That any financial responsibility requirements imposed on the shared vehicle driver as a condition of maintaining a driver's license remain in effect during the use of a shared vehicle;

8. That the use of the shared vehicle through a peer-to-peer vehicle sharing platform without physical damage coverage may violate the terms of the contract with the lienholder; and

9. That there may not be physical damage coverage under the shared vehicle owner's policy. However, if the physical damage coverage is purchased from or provided by the peer-to-peer vehicle sharing platform, no such disclosure is required.

§ 46.2-1415. Automobile safety recalls.

A. When a vehicle owner registers as a shared vehicle owner on a peer-to-peer vehicle sharing platform and prior to when the shared vehicle owner makes a shared vehicle available for vehicle sharing on the peer-to-peer vehicle sharing platform, the peer-to-peer vehicle sharing platform shall:

1. Verify that the shared vehicle does not have any safety recalls on the vehicle for which the repairs have not been made; and

2. Notify the shared vehicle owner of the requirements under subsection B.

B. 1. If the shared vehicle owner has received an actual notice of a safety recall on the vehicle, a shared vehicle owner may not make a vehicle available as a shared vehicle on a peer-to-peer vehicle sharing platform 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 available on the peer-to-peer vehicle sharing platform, the shared vehicle owner shall remove the shared vehicle from the peer-to-peer vehicle sharing platform as soon as practicably possible after receiving the notice of the safety recall, and such vehicle shall remain off of the peer-to-peer vehicle sharing platform until the safety recall repair has been made.

3. If a shared vehicle owner receives an actual notice of a safety recall during a vehicle sharing period, such owner shall, as soon as practicably possible after receiving the notice of the safety recall, notify the peer-to-peer vehicle sharing platform about the safety recall so that the shared vehicle owner may address the safety recall repair.

§ 46.2-1416. Operation at airports.

No peer-to-peer vehicle sharing platform or shared vehicle owner shall conduct any peer-to-peer vehicle sharing on the property of any airport, unless such operation is authorized by the airport owner or operator and is in compliance with the rules and regulations of that airport. An airport may take action against a peer-to-peer vehicle sharing platform or shared vehicle owner that violates any regulation of an airport owner or operator, including suspension or revocation of the peer-to-peer vehicle sharing platform's authority to operate.

§ 46.2-1417. Responsibility for equipment.

The peer-to-peer vehicle sharing platform shall have sole responsibility for any equipment, such as a global positioning system (GPS), that is installed or placed in or on a shared vehicle to monitor or facilitate peer-to-peer vehicle sharing and shall agree to indemnify and hold harmless the shared vehicle owner for any damage to or theft of such system or equipment during a vehicle sharing period not caused by the shared vehicle owner. The peer-to-peer vehicle sharing platform has the right to seek indemnity from the shared vehicle driver for any loss or damage to such system or equipment that occurs during the vehicle sharing period.

§ 46.2-1418. No limitation on other authority.

The requirements imposed on shared vehicle owners and peer-to-peer vehicle sharing platforms shall not limit any other state or local taxing, zoning, or other regulatory authority from applying any measure applicable to any other business on a shared vehicle owner or peer-to-peer vehicle sharing platform.

Article 9.

Virginia Motor Vehicle Rental and Peer-to-Peer Vehicle Sharing Tax.

§ 58.1-1734. Title.

306 This article shall be known and may be cited as the "Virginia Motor Vehicle Rental and
307 Peer-to-Peer Vehicle Sharing Tax Act."

308 **§ 58.1-1735. Definitions.**

309 *The definitions in § 46.2-1408 shall apply, mutatis mutandis, to this article.*

310 As used in this article, unless the context requires a different meaning:

311 "Daily rental vehicle" means a motor vehicle, ~~except a motorcycle or a manufactured home as~~
312 ~~defined in § 46.2-100~~, used for rental as defined in this section and for the transportation of persons or
313 property, whether on its own structure or by drawing another vehicle or vehicles, *except (i) a motorcycle*
314 *or a manufactured home as defined in § 46.2-100 or (ii) a shared vehicle as defined in § 46.2-1408.*

315 "Gross proceeds" means the charges made or voluntary contributions received for the rental of a
316 motor vehicle where the rental or lease agreement is for a period of less than 12 months. The term
317 "gross proceeds" shall not include:

- 318 1. Cash discounts allowed and actually taken on a rental contract;
- 319 2. Finance charges, carrying charges, service charges, or interest from credit given on a rental
320 contract;
- 321 3. Charges for motor fuels;
- 322 4. Charges for optional accidental death insurance;
- 323 5. Taxes or fees levied or imposed pursuant to Chapter 24 (§ 58.1-2400 et seq.);
- 324 6. Any violations, citations, or fines and related penalties and fees;
- 325 7. Delivery charges, pickup charges, recovery charges, or drop charges;
- 326 8. Pass-through charges;
- 327 9. Transportation charges;
- 328 10. Third-party service charges; or
- 329 11. Refueling surcharges.

330 "Mobile office" means an industrialized building unit not subject to federal regulation, which may be
331 constructed on a chassis for the purpose of towing to the point of use and designed to be used with or
332 without a permanent foundation, for commercial use and not for residential use; or two or more such
333 units separately towable but designed to be joined together at the point of use to form a single
334 commercial structure, and which may be designed for removal to, and installation or erection on, other
335 sites.

336 "Motor vehicle" means every vehicle, except for a mobile office as herein defined, that is
337 self-propelled or designed for self-propulsion and every vehicle drawn by or designed to be drawn by a
338 motor vehicle, including manufactured homes as defined in § 46.2-100 and every device in, upon, and
339 by which any person or property is, or can be, transported or drawn upon a highway, but excepting
340 devices moved by human or animal power, devices used exclusively upon stationary rails or tracks, and
341 vehicles, other than manufactured homes, used in the Commonwealth but not required to be licensed by
342 the Commonwealth.

343 "Rental" means the transfer of the possession or use of a motor vehicle, whether or not the motor
344 vehicle is required to be licensed by the Commonwealth, by a person for a consideration, without the
345 transfer of the ownership of such motor vehicle, for a period of less than 12 months. Any fee
346 arrangement between the holder of a permit issued by the Department of Motor Vehicles for taxicab
347 services and the driver or drivers of such taxicabs shall not be deemed a rental under this section. Any
348 fee arrangement between a licensed driver training school and a student in that school, whereby the
349 student may use a vehicle owned or leased by the school to perform a road skills test administered by
350 the Department of Motor Vehicles, shall not be deemed a rental under this section.

351 "Rental in the Commonwealth" means any rental where a person received delivery of a motor vehicle
352 within the Commonwealth. The term "Commonwealth" shall include all land or interest in land within
353 the Commonwealth owned by or conveyed to the United States of America.

354 "Renter" means a person engaged in the rental of motor vehicles for consideration as defined in this
355 section.

356 **§ 58.1-1736. Levy.**

357 A. There is hereby levied, in addition to all other taxes and fees of every kind now imposed by law,
358 a tax upon the rental of a motor vehicle in Virginia, without regard to whether such vehicle is required
359 to be licensed by the Commonwealth. However, such tax shall not be levied upon a rental to a person
360 for re-rental as an established business or part of an established business, or incidental or germane to
361 such business.

362 The amount of the tax to be collected shall be determined by the Tax Commissioner by the
363 application of the following rates against the gross proceeds:

- 364 1. Four percent of the gross proceeds from the rental in Virginia of any motor vehicle, except those
365 with a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more.
- 366 2. In addition to the tax levied pursuant to subdivision A 1, a tax of four percent of the gross
367 proceeds shall be levied on the rental in Virginia of any daily rental vehicle, whether or not such vehicle

is required to be licensed in the Commonwealth.

3. In addition to all other applicable taxes and fees, a fee of two percent of the gross proceeds shall be imposed on the rental in Virginia of any daily rental vehicle, whether or not such vehicle is required to be licensed in the Commonwealth. For purposes of this article, the rental fee shall be implemented, enforced, and collected in the same manner that rental taxes are implemented, enforced, and collected.

B. A motor vehicle subject to the tax imposed under subdivision A 1 of this section shall be subject to the tax under subdivision A 1 or A 2 of § 58.1-2402 when it ceases to be used for rental as an established business or part of an established business, or incidental or germane to such business.

C. Any motor vehicle, trailer, or semitrailer exempt from this tax under subdivision 1 or 2 of § 58.1-1737 shall be subject to the tax when such vehicle is no longer rented by the United States government or any governmental agency thereof, or the Commonwealth of Virginia or any political subdivision thereof, unless at such time the vehicle is sold or its ownership is otherwise transferred, in which case the tax imposed by § 58.1-2402 shall apply, subject to the exemptions provided for in § 58.1-2403.

D. There is hereby levied a tax upon peer-to-peer vehicle sharing, without regard to whether a shared vehicle is required to be licensed by the Commonwealth.

1. Beginning July 1, 2020, and ending July 1, 2021, in lieu of the tax levied under subsection A, if a shared vehicle owner registers no more than 10 different shared vehicles on any combination of peer-to-peer vehicle sharing platforms at any one time, the tax shall be imposed at a rate of six and one-half percent on the gross proceeds paid by the shared vehicle driver for the sharing in the Commonwealth of any shared vehicle.

2. Beginning July 1, 2021, and thereafter, in lieu of the tax levied under subsection A, if a shared vehicle owner registers no more than 10 different shared vehicles on any combination of peer-to-peer vehicle sharing platforms at any one time, the tax shall be imposed at a rate of seven percent on the gross proceeds paid by the shared vehicle driver for the sharing in the Commonwealth of any shared vehicle.

3. However, if, and for so long as, a shared vehicle owner registers more than 10 different vehicles on any combination of peer-to-peer vehicle sharing platforms at any one time, the taxes levied on the gross proceeds paid by the shared vehicle driver shall be the same taxes imposed and collected on the rental of a motor vehicle and a daily rental vehicle pursuant to subdivisions A 1, 2, and 3.

E. A peer-to-peer vehicle sharing platform shall require all shared vehicle owners to certify to the peer-to-peer vehicle sharing platform whether the shared vehicle owner has registered more than 10 different shared vehicles on any combination of platforms at any one time. A shared vehicle owner is under a continuing obligation to immediately notify all platforms upon which he has vehicles registered, if the registration of a shared vehicle on a platform by the shared vehicle owner will cause the shared vehicle owner to exceed 10 or more different shared vehicles registered on any combination of peer-to-peer vehicle sharing platforms at any one time. Such notification shall occur prior to sharing any additional shared vehicles on any platform, not including those already subject to a vehicle sharing platform agreement at the time the additional vehicle is registered with the platform by the shared vehicle owner. Failure by the shared vehicle owner to immediately notify any platform shall subject the shared vehicle owner to payment of the taxes due and applicable penalties. Any affirmation or notification by the shared vehicle owner of such certifications shall require the peer-to-peer vehicle sharing platform to collect the taxes pursuant to subsection A. A peer-to-peer vehicle sharing platform shall become liable for and owe the Commonwealth the amount of tax imposed by this article and for the payment of such taxes to the Tax Commissioner.

§ 58.1-1738. Administration of the tax.

A. The tax on the rental of a motor vehicle pursuant to subsection A of § 58.1-1736 shall be paid by the person renting such motor vehicle, collected by the rentor of such motor vehicle, and remitted to the Tax Commissioner on or before the twentieth day of the month following the month in which the gross proceeds from such rental were due. All of the responsibilities imposed on dealers in Chapter 6 (§ 58.1-600 et seq.) shall apply to rentors for purposes of this article, except the provision in subsection A of § 58.1-615 requiring a sales or use tax return to be filed when the dealer is not liable to remit to the Tax Commissioner any tax for the period covered by the return. The tax on rental transactions in the Commonwealth shall apply regardless of the state for which a certificate of title is required.

B. The tax on the sharing of a motor vehicle pursuant to subsection D of § 58.1-1736 shall be paid by the shared vehicle driver. The tax shall be collectible from the peer-to-peer vehicle sharing platforms that have established sufficient contact with the Commonwealth by meeting any of the requirements of subsection C of § 58.1-612.1, *mutatis mutandis*. Shared vehicle owners are not eligible to collect taxes on shared vehicle transactions where such taxes are collectible by a peer-to-peer vehicle sharing platform. The tax shall be remitted to the Tax Commissioner on or before the twentieth day of the month following the month in which the gross proceeds from such sharing were due. The tax on peer-to-peer

429 *vehicle sharing in the Commonwealth shall apply regardless of the state for which a certificate of title*
430 *for a shared vehicle is required.*

431 C. The provisions of Chapter 6 (§ 58.1-600 et seq.) shall apply to this article, mutatis mutandis,
432 except as herein provided.

433 **§ 58.1-1741. Disposition of revenues.**

434 A. After the direct costs of administering this article are recovered by the Department of Taxation,
435 the remaining revenues collected hereunder by the Tax Commissioner shall be forthwith paid into the
436 state treasury. Except as otherwise provided in this section, these funds shall constitute special funds
437 within the Commonwealth Transportation Fund. Any balances remaining in these funds at the end of the
438 year shall be available for use in subsequent years for the purposes set forth in this article, and any
439 interest income on such funds shall accrue to these funds. The revenue so derived, after refunds have
440 been deducted, is hereby allocated for the construction, reconstruction, and maintenance of highways and
441 the regulation of traffic thereon and for no other purpose.

442 B. However, (i) all funds collected from the additional tax imposed by subdivision A 2 of
443 § 58.1-1736 on the rental of daily rental vehicles *and, beginning July 1, 2020, and ending July 1, 2021,*
444 *an amount equal to a two and one-half percent tax on peer-to-peer vehicle sharing pursuant to*
445 *subsection D of § 58.1-1736 and, beginning July 1, 2021, and thereafter, an amount equal to a three*
446 *percent tax on peer-to-peer vehicle sharing pursuant to subsection D of § 58.1-1736* shall be distributed
447 quarterly to the county, city, or town wherein such vehicle was delivered to the rentee *or the shared*
448 *vehicle driver*; (ii) except as provided in clause (iii), an amount equivalent to the net additional revenues
449 from the motor vehicle rental tax generated by enactments of the 1986 Special Session of the Virginia
450 General Assembly which amended §§ 46.2-694, 46.2-697, and by §§ 58.1-1735, 58.1-1736 and this
451 section, shall be distributed to and paid into the Transportation Trust Fund established pursuant to
452 § 33.2-1524, a special fund within the Commonwealth Transportation Fund, and are hereby appropriated
453 to the Commonwealth Transportation Board for transportation needs; (iii) all moneys collected from the
454 tax on the gross proceeds from the rental in Virginia of any motor vehicle pursuant to subdivision A 1
455 of § 58.1-1736 at the tax rate in effect on December 31, 1986, *and an amount equal to a four percent*
456 *tax on the gross proceeds on peer-to-peer vehicle sharing pursuant to subsection D of § 58.1-1736* shall
457 be paid by the Tax Commissioner into the state treasury and two-thirds of which shall be paid into the
458 Rail Enhancement Fund established by § 33.2-1601 and one-third of which shall be deposited into the
459 Washington Metropolitan Area Transit Authority Capital Fund pursuant to § 33.2-3401; and (iv) all
460 additional revenues resulting from the fee imposed under subdivision A 3 of § 58.1-1736 shall be used
461 to pay the debt service on the bonds issued by the Virginia Public Building Authority for the Statewide
462 Agencies Radio System (STARS) for the Department of State Police pursuant to the authority granted
463 by the 2004 Session of the General Assembly.

464 B- C. As provided in subsection A of § 58.1-638, of the funds becoming part of the Transportation
465 Trust Fund pursuant to subdivision A 2, an aggregate of 4.2 percent shall be set aside as the
466 Commonwealth Port Fund; an aggregate of 2.4 percent shall be set aside as the Commonwealth Airport
467 Fund; and an aggregate of 14.7 percent shall be set aside as the Commonwealth Mass Transit Fund.

468 **§ 59.1-207.29. Scope.**

469 This chapter shall apply (i) to all persons in the business of leasing rental motor vehicles from
470 locations in the Commonwealth under an agreement ~~which~~ *that* imposes upon the lessee an obligation to
471 pay for any damages caused to the leased vehicle *and (ii) to all peer-to-peer vehicle sharing platforms*
472 *in the Commonwealth facilitating peer-to-peer vehicle sharing under a vehicle sharing platform*
473 *agreement that imposes upon the shared vehicle driver an obligation to pay for any damages caused to*
474 *the shared vehicle.* The provisions of this chapter apply solely to the collision damage waiver portion of
475 the rental agreement *or vehicle sharing platform agreement.* The definitions in § 46.2-1408 apply,
476 *mutatis mutandis, to this section.*

477 **§ 59.1-207.31. Required notice.**

478 A. *The definitions in § 46.2-1408 apply, mutatis mutandis, to this section.*

479 B. No lessor *or peer-to-peer vehicle sharing platform* shall sell or offer to sell to a lessee a collision
480 damage waiver as a part of a rental agreement *or vehicle sharing platform agreement* unless the lessor
481 *or peer-to-peer vehicle sharing platform* first provides the lessee *or shared vehicle driver* the following
482 written notice:

483 NOTICE: THIS CONTRACT OFFERS, FOR AN ADDITIONAL CHARGE, A COLLISION
484 DAMAGE WAIVER TO COVER YOUR RESPONSIBILITY FOR DAMAGE TO THE VEHICLE.
485 BEFORE DECIDING WHETHER TO PURCHASE THE COLLISION DAMAGE WAIVER, YOU
486 MAY WISH TO DETERMINE WHETHER YOUR OWN VEHICLE INSURANCE AFFORDS YOU
487 COVERAGE FOR DAMAGE TO THE RENTAL VEHICLE AND THE AMOUNT OF THE
488 DEDUCTIBLE UNDER YOUR OWN INSURANCE COVERAGE. THE PURCHASE OF THIS
489 COLLISION DAMAGE WAIVER IS NOT MANDATORY AND MAY BE WAIVED.

490 B- C. Such notice shall be made on the face of the rental agreement *or vehicle sharing platform*

491 *agreement* either by stamp, label, or as part of the written contract, shall be set apart in boldface type
492 and in no smaller print than ~~ten-point~~ 10-point type, and shall include a space for the lessee *or shared*
493 *vehicle driver, as defined in § 46.2-1408*, to acknowledge his receipt of the notice.

494 **§ 59.1-207.32. Prohibited exclusion.**

495 No collision damage waiver subject to this chapter shall contain an exclusion from the waiver for
496 damages caused by the ordinary negligence of the lessee *or shared vehicle driver, as defined in*
497 *§ 46.2-1408*. Any such exclusion in violation of this section shall be void. This section shall not be
498 deemed to prohibit an exclusion from the waiver for damages caused intentionally by the lessee *or*
499 *shared vehicle driver* or as a result of his willful or wanton misconduct or gross negligence, driving
500 while intoxicated or under the influence of any drug or alcohol, or damages caused while engaging in
501 any speed contest.

502 **2. That the Department of Taxation may develop guidelines implementing the provisions of this**
503 **act. Such guidelines shall be exempt from the provisions of the Administrative Process Act**
504 **(§ 2.2-4000 et seq. of the Code of Virginia).**