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## **OLR Bill Analysis**

### **HB 5477**

#### ***AN ACT CONCERNING SALES TAX REMITTANCE FOR CERTAIN MARKETPLACE FACILITATOR TRANSACTIONS.***

#### **SUMMARY**

By law, marketplace facilitators (e.g., online marketplaces) are considered retailers for the sales they facilitate for third-party sellers and generally must collect and remit sales tax on behalf of these sellers. This bill exempts marketplace facilitators that facilitate passenger motor vehicle and rental truck rentals on behalf of rental companies from these requirements. In doing so, it makes the rental companies responsible for collecting and remitting sales tax on these sales.

Under the bill and existing law, “rental companies” are generally businesses that rent out a fleet of five or more passenger motor vehicles, rental trucks, or machinery, but not those whose rental income is less than 51% of their total annual revenue. “Passenger motor vehicles” are those rented without a driver that are part of a rental car company’s fleet. “Rental trucks” are (1) vehicles rented without a driver with a gross vehicle weight of 26,000 pounds or less and used to transport personal property (but not for business purposes) or (2) trailers with a gross vehicle weight of 6,000 pounds or less.

EFFECTIVE DATE: Upon passage

#### **BACKGROUND**

##### ***Marketplace Facilitators***

Marketplace facilitators are generally businesses that (1) facilitate retail sales of at least \$250,000 during the previous 12-month period for sellers by providing a forum (e.g., website) that lists or advertises the sellers’ goods and services and (2) collect receipts from customers and remit payments to sellers. By law, they are considered retailers for these sales and therefore must (1) collect and remit sales tax on taxable sales,

(2) be responsible for all obligations imposed under the state's sales and use tax laws (e.g., timely filing returns), and (3) keep specified records and information on these sales.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51 Nay 0 (04/05/2022)