

# Finance, Revenue and Bonding Committee

## JOINT FAVORABLE REPORT

**Bill No.:** House Bill 5477

AN ACT CONCERNING SALES TAX REMITTANCE FOR CERTAIN

**Title:** MARKETPLACE FACILITATOR TRANSACTIONS.

**Vote Date:** 4/5/2022

**Vote Action:** Joint Favorable

**PH Date:** 3/21/2022

**File No.:** 573

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### **SPONSORS OF BILL:**

The Finance, Revenue and Bonding Committee

### **REASONS FOR BILL:**

This bill specifies that marketplace facilitators who facilitate motor vehicle rentals on behalf of rental companies are not required to collect and remit sales tax on the rental company's behalf.

### **RESPONSE FROM ADMINISTRATION/AGENCY:**

None expressed.

### **NATURE AND SOURCES OF SUPPORT:**

[Emmett O'Keefe, Public Affairs, Booking Holdings, Inc.](#) submitted testimony in support of this bill. Mr. O'Keefe stated that rental transactions are finalized when the customer picks up the vehicle at the airport or the rental company's place of business. This legislation would simply clarify that the sales taxes may be remitted by the rental car company, as defined in section 12-692 of the general statutes, and as has been the practice for many years, and there is no adverse effect on revenue as the applicable sales taxes will continue to be remitted.

[Tracie Robinson, Regional Manager of Government and Corporate Affairs, Expedia Group](#) submitted testimony in support of this bill. Ms. Robinson states this legislation would streamline Connecticut's marketplace facilitator law by clearly designating the rental car company—as marketplace seller—as the tax-responsible party in car rental transactions facilitated by an online travel company. The clarification of this bill is consistent with current practice, under which taxes are already accurately calculated, collected, and remitted. Only the rental car company is in the position to remit these taxes correctly based on the final rental arrangement agreed upon at the counter. Car rental customers often modify their bookings at the rental

counter, which can drastically change the taxes and other charges that apply to the rental. Adding requirements for the marketplace facilitator only complicates tax remittance by requiring that both parties be responsible for only a portion of the transaction. Finally, rental car companies are currently remitting tax on these transactions and are under continuous audit by the Connecticut Department of Revenue Services, and therefore there is no tax leakage on these transactions.

**NATURE AND SOURCES OF OPPOSITION:**

[David Godbout, Connecticut Resident](#) opposed the bill on the grounds that the current session of the Connecticut General Assembly is illegal, in breach of Article 3, Section 16 of the State Constitution.

**Reported by: Dawn Silveira**

**Date: 4/22/2022**