Chairman Phil Mendelson

A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To declare the existence of an emergency with respect to the need to amend the Fiscal Year 2027 Budget Support Emergency Act of 2026 and the Fiscal Year 2027 Budget Support Act of 2026 to clarify that the motor vehicle rental rate only applies to peer-to-peer car sharing services where the rental vehicle or utility trailer is owned by a rental operator or part of a rental fleet.

RESOLVED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the "Peer-to-Peer Car Sharing Rental Vehicle Sales Tax Clarification Emergency Declaration Resolution of 2026".

Sec. 2. (a) Under current law, the Office of Tax and Revenue collects the rental vehicle sales tax of 10.25% on peer-to-peer car sharing services transactions where the owner has more than five vehicles due to the Internet Sales Tax Amendment Act of 2018 (D.C. Law 22-258; 66 DCR 3974), which requires all marketplace facilitators to collect and pay District sales tax on transactions that occur on their platform. However, the code provisions imposing the rental vehicle sales tax rate do not explicitly mention peer-to-peer car sharing services, creating confusion in the public. To add clarity to the District's code, the Fiscal Year 2027 Budget Support Act of 2026 (D.C. Act 26-418; 73 DCR 11735) included a technical amendment to Subtitle 7-B adding language to D.C. Official Code §§ 47-2002(a) and 47-2202(a) making it clear that the 10.25% (soon to be 12%) rental vehicle sales tax applies "regardless of whether the rental vehicle or utility trailer is owned by a rental operator as § 50-1505.01(6) or part of a rental fleet as defined in § 50-1505.01(5)."

(b) According to the Office of Tax and Revenue, the language in D.C. Act 26-418 would apply the rental vehicle sales tax rate to all peer-to-peer car sharing service transactions, regardless of whether the owner has fewer than five vehicles. This would create a disparity between peer-to-peer car-sharing service transactions and traditional rental vehicle services, which are taxed only at the rental vehicle sales tax rate if the owner has five or more rental vehicles. This disparity will negatively affect peer-to-peer car-sharing services in the District.

(c) The provisions of the Fiscal Year 2027 Budget Support Emergency Act of 2026 (D.C. Act 26-416; 73 DCR 11509), which is identical to the Fiscal Year 2027 Budget Support Act of 2026, are poised to take effect on October 1, 2026. As such, it is necessary to move an emergency amendment to both the Fiscal Year 2027 Budget Support Emergency Act of 2026 and the Fiscal Year 2027 Budget Support Act of 2026 to clarify that the motor vehicle rental rate only applies to peer-to-peer car sharing services where the rental vehicle or utility trailer is owned by a rental operator or part of a rental fleet comprised of more than five vehicles.

Sec. 3. The Council of the District of Columbia determines that the circumstances enumerated in section 2 constitute emergency circumstances making it necessary that the Peer-to-Peer Car Sharing Rental Vehicle Sales Tax Clarification Emergency Amendment Act of 2026 be adopted after a single reading.

Sec. 4. This resolution shall take effect immediately.