



2023-2024 General Assembly

SENATE BILL 508: 2023 Budget Technical/Other Corrections, Sec. 11.1: Exempt Public Transportation From For-Hire Ground Transport Excise Tax

Committee:		Date:	August 14, 2024
Introduced by:		Prepared by:	Trina Griffin
Analysis of:	Sec. 11.1 of S.L. 2024-1		Staff Attorney

OVERVIEW: *Section 11.1 of S.L. 2024-1 clarifies that for-hire ground transport service providers that provide public transportation on behalf of a State agency, certain governmental entities, or a local board of education are exempt from the for-hire ground transport excise tax.*

This section becomes effective July 1, 2025, and applies to for-hire ground transport services occurring on or after that date.

CURRENT LAW: [Section 42.19 of S.L. 2023-134](#) created a new excise tax applicable to the gross receipts derived from each ride using a for-hire ground transportation service provider, such as Uber, Lyft, or a taxi service. The rate is 1.5% for exclusive ride service and 1% for shared ride service. The proceeds of the tax are credited to the Highway Fund.

After passage of the act, questions were raised as to whether this new tax would apply to private entities that contract with governmental entities to provide public transportation. An example of this would be the City of Wilson's on-demand micro-transit service, RIDE. RIDE replaced the fixed route bus system and is a partnership between the City of Wilson and Via, a micro-transit service provider. Unlike the bus system, RIDE allows riders to request a trip at any time through an app, the web booker, or by phone.

BILL ANALYSIS: Since the new tax was not intended to apply to public transportation services, Section 11.1 of S.L. 2024-1 added language to make it clear that any for-hire ground transport service provider providing public transportation on behalf of a State agency, certain governmental entities, or a local board of education is exempt from the for-hire ground transport excise tax.

EFFECTIVE DATE: This section becomes effective July 1, 2025, and applies to for-hire ground transport services occurring on or after that date.

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