2025-2026 General Assembly

SENATE BILL 595: Various Revenue Laws Changes, Part VII: Provide Tax Parity for Short-Term Car Rentals to Include Peer-To-Peer Rentals

Analysis of: S.L. 2026-31, Part VII

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Part VII of S.L. 2026-31 (Senate Bill 595) imposes the 8% alternate highway use tax and applicable local taxes to short-term motor vehicle rentals that are rented through a peer-to-peer vehicle sharing provider. Section 32.5 of S.L. 2026-46 (House Bill 1094) made a technical correction to G.S. 105-187.1(a), which was amended by this Part.

Prior to this change, peer-to-peer vehicle rentals were not subject to tax, whereas short-term rentals through traditional car rental companies are subject to an 8% gross receipts tax, plus applicable local taxes ranging from 1.5% to 8%. Additionally, under current law, airport operators charge rental car companies a fee that is a percentage of their airport-related gross revenues, which is usually about 10% for on-property locations, and may charge peer-to-peer vehicle sharing providers a "reasonable fee" for use of the airport's facility.

This Part is effective October 1, 2026, and applies to gross receipts derived from rentals or leases billed on or after that date.

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