Taxes on Taxi Fares

Most states don’t levy a tax on the purchase of taxi transportation (some states apply sales tax). But does the sales tax also apply to ride-sharing transactions?

Source: Data from Institute on Taxation and Economic Policy, “Taxes and the On-Demand Economy,” March 1, 2017; conversation with Washington State Department of Revenue.
Ride-Sharing Tax: Lots of Ambiguity

According to NCSL:

“In these states, equity would imply TNC rides should be subject to these taxes, but it is not clear they are always being collected. In some instances, TNCs have argued that the applicability of tax laws to peer-to-peer technology operators is ambiguous.”

States with sales tax on taxi rides: sales tax explicitly applies in Rhode Island (2016); but is not paid by riders in Washington state. Ambiguity in Georgia and Ohio.

States that don’t apply sales tax on taxi rides: for example, ride sharing is not taxable in Iowa.

Specific taxes: Massachusetts fee, Nevada excise tax, South Carolina fee.
Local level examples:

- State authorization of local surcharge: Maryland.
- Seattle, Chicago, NYC, and DC local taxes or surcharges.
- Ohio ban of local tax.
TNC Legislation in 2017

This year, we tracked 132 bills relating to transportation network companies (TNCs).

Enacted TNC Legislation

Of these, bills were enacted in 17 states relating to TNCs.

Enacted TNC Legislation

Removing states that are no longer in session, only a few active bills remain.

Taxes on Hotel & Lodging Transactions

Nearly all states levy consumption taxes on lodging.

Taxes on Hotel & Lodging Transactions

Localities in nearly all states levy lodging taxes, too.

Short-Term Rental Legislation in 2017

We tracked 86 bills in 28 states (plus DC) dealing with regulation and/or taxation of short-term rentals (STRs) during 2017 state legislative sessions.

Zooming in on taxes only, 51 of these short-term rental bills (in 22 states total) contained some sort of tax-related language.

Enacted Tax-Related STR Legislation in 2017

Of these bills, four states have enacted STR legislation (ID, NV, UT, VA); only ID had tax provisions.

Enacted Tax-Related STR Legislation in 2017

Removing states that are no longer in session, only a few active bills remain.

Taxation & the **Sharing Economy**

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