

Advantage Rent A Car

Alamo Rent A Car

American Car Rental  
Association

American International  
Automobile Dealers  
Association

American Society of  
Travel Agents

Americans for  
Tax Reform

Avis Rent A Car

Budget Car Rental

Dollar Rent A Car

Enterprise Rent-A-Car

The Hertz Corporation

National Association of  
Minority Automobile  
Dealers

National Car Rental

National Business  
Travel Association

National Consumers  
League

National Limousine  
Association

National Urban League

Property Casualty Insurers  
Association of America

Rent A Toll

Thrifty Car Rental

Truck Renting and  
Leasing Association

WeCar  
*Car Sharing by Enterprise*

### FOR IMMEDIATE RELEASE

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## Growing Coalition Continues to Speak Out on Behalf of Florida Car Rental Customers

*Coalition opposes political attempts to double excise taxes*

*Concerns about impact on new  
University of South Florida car-sharing program*

**Thursday, Nov. 5, 2009 (St. Louis)** –The Coalition Against Discriminatory Car Rental Excise Taxes today announced its opposition to a proposed doubling of car rental excise taxes in Florida. The Florida Legislature, which enacted the current \$2 daily rate in 1989, is now considering raising car rental excise taxes to \$4 per day – a 100 percent increase – to help fund TriRail and SunRail.

“We recognize that mass transit is an important public policy and infrastructure issue,” stated Jay Ryan, Vice President for Enterprise Holdings, owner of Alamo Rent A Car, Enterprise Rent-A-Car and National Car Rental. “However, it is all too easy for political leaders to impose excise taxes on defenseless car rental customers – rather than enact an equitable, broad-based tax policy to spread the burden to all who benefit.”

For example, in 2006 the Sun-Sentinel published an article about another possible car rental excise tax increase, quoting a Florida state representative as follows: “*It has the obvious attraction, in that it essentially attacks those people out of state.*”

### Local impact

Coalition members not only are alarmed by blatant efforts to target interstate travelers, but also by marketing campaigns that obscure an important and well-documented fact: More than half of all car rental industry revenue is generated by local consumers and businesses in the U.S. every year.

In fact, millions of people rent cars every day because their vehicles are being serviced or repaired after an accident, or because they temporarily need a larger car for special occasions, family reunions or visiting friends. Rental cars also are popular with environmentally conscious consumers who prefer to use mass transit or to drive smaller, fuel-efficient vehicles Monday through Friday, but require other transportation options for weekend errands and getaways.

Often heavily discounted on weekends, rental cars likewise are a popular option for those who simply can't afford to purchase and maintain a vehicle.

( more)

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The National Consumers League notes that car rental excise taxes can be regressive in their impact on local low-income residents, many of whom do not own a vehicle and instead rent one. This is particularly true for Enterprise Rent-A-Car customers – nearly one in four earns less than \$40,000 annually; one in 10 earns less than \$30,000; and one in 20 earns less than \$20,000.

With similar concerns, public finance economist Kim Rueben wrote the following last year to the Philadelphia Daily News: “...*Philadelphia’s so-called ‘tourist tax’ has been paid largely by local consumers and businesses. But there’s a larger issue here: Regardless of who pays them, such excise taxes represent a discriminatory, arbitrary and inequitable policy, whether the car rental is for an hour, a day or a week....Like other excise taxes, they also fall disproportionately on those who can least afford to pay them – including local residents who rent cars on weekends at discounted rates because they simply cannot afford to own a car. In short, all car rental taxes unfairly burden one group of consumers, often to pay for projects and programs that have no direct connection to renting a car.*”

Car rental excise taxes also impact car-sharing programs such as Connect by Hertz and WeCar, which was recently launched by Enterprise Rent-A-Car on the University of South Florida campus. Car-sharing initiatives are becoming popular on college campuses throughout the country because they provide a cost-effective and environmentally friendly transportation solution for students.

“This is just another example of why the Coalition universally opposes car rental excise taxes,” Ryan said. “These taxes are unfair, period. And they are particularly so for students and others who cannot afford to operate their own cars.”

**Businesses and Insurance Industry**

The Coalition – comprised of car rental and car-sharing as well as travel industry, consumer and business organizations – recently expanded to include the Property Casualty Insurers Association of America (PCI).

Robert Passmore, Senior Director at PCI, explained: “What perhaps isn’t so obvious is that these taxes also create a financial burden on local consumers by arbitrarily inflating the cost of a replacement vehicle when their car needs repairs. They are either affected directly, if they are paying the bill themselves, or if insurers are paying the bill, the increased costs could affect everyone’s rates.”

Furthermore, according to the National Business Travel Association, the majority of NBTA member companies spend at least half of their car rental budgets in their home markets. “That means if legislators proceed with this car rental excise tax increase, they will be pulling even more money straight from the bottom lines of companies all the way from Orlando to Palm Beach to Miami,” explained NBTA Executive Director and COO Michael W. McCormick.

**Epidemic of Taxes**

The number of U.S. car rental excise taxes has tripled during the past 15 years, with more than 100 currently in place in 43 states and the District of Columbia. These discriminatory taxes have collected more than \$7.5 billion from car rental customers in the U.S. since 1990 – of which \$2 billion has been collected in Florida alone.

( more )

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Earlier this year, the nonpartisan Coalition publicly opposed other proposed car rental excise taxes in Michigan, New Jersey and Wisconsin, and it continues to speak out on behalf of car rental customers who are unfairly targeted by zealous legislators.

Coincidentally, Wisconsin's excise tax also is designated to help fund a mass transit project. Journalist and consumer advocate Christopher Elliott has expressed concerns about car rental excise taxes on his travel Web site, particularly the Wisconsin proposal.

"I believe there's a right way and a wrong way to do this," Elliott wrote. "And a fly-by-night approach to raising taxes on drivers, many of whom can't vote and may not benefit from the mass transit projects, is the wrong way. This issue deserves its own debate, far removed from the chaos of Wisconsin's budget bill."

The Coalition has repeatedly and publicly acknowledged that local government authority not only is the cornerstone of U.S. democracy, but that local leaders clearly are struggling to fund many worthwhile programs, including the SunRail and TriRail mass transit construction project. This political reality was reiterated by a National Conference of State Legislatures spokesman in the recent USA Today article: "Rental Car Taxes Are Getting Jacked Up – States Sell Them as Out-of-Towner Taxes."

However, car rental excise taxes contradict our country's principles of democracy and fairness by singling out one group of consumers to fund a wide array of civic projects that benefit cities, counties and states across the board. Furthermore, as municipalities, counties and states carry out their critical role in protecting consumer and citizen rights, it is important they extend that protection to all constituents, including car rental customers.

Lately, some officials have been obscuring these fundamental principles with promises of much-needed jobs in Florida to help boost the economy. "It appears that Florida's legislators also may be attempting to transfer revenue from our industry to the construction industry, which, in turn, will impact individual consumers and the local business community," Ryan stressed. "Most Americans intuitively object to such double standards – because they know if government officials single out car rental customers today, then most likely there will be other victims tomorrow."

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**About the Coalition Against Discriminatory Car Rental Excise Taxes**

*The nonpartisan Coalition, established in 2006, now includes: Advantage Rent A Car, Alamo Rent A Car, American Car Rental Association, American International Automobile Dealers Association, American Society of Travel Agents, Americans for Tax Reform, Avis Rent A Car, Budget Car Rental, Dollar Rent A Car, Enterprise Rent-A-Car, The Hertz Corporation, National Association of Minority Automobile Dealers, National Car Rental, National Business Travel Association, National Consumers League, National Limousine Association, National Urban League, Property Casualty Insurers Association of America, Rent A Toll, Thrifty Car Rental, Truck Renting and Leasing Association, and WeCar (car sharing by Enterprise).*