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Innovative Enterprise CarShare Stands Up for Illinois by Supporting Safety Regulations and Local Taxes

ST. LOUIS (Nov. 26, 2018) – Enterprise CarShare, which serves hundreds of businesses and government agencies in 35 states, also operates on more than 125 college campuses – including Southern Illinois University-Edwardsville (SIUE).

The innovative SIUE carsharing program, launched in August 2017, is offered to students as well as faculty and staff. Drivers rent vehicles through Enterprise CarShare by following four easy steps. And, with the Enterprise CarShare app for iPhone and Android users, U.S. members can make or modify reservations, extend rentals and choose pickup locations, all from their mobile device.

Common-Sense Requirements

With more than 5,800 offices – one located within 15 miles of 90 percent of the U.S. population – Enterprise believes in common-sense requirements across the board, such as ensuring vehicle safety, offering transparent pricing, and collecting mandatory state and municipal fees on which local governments and jurisdictions rely. Carsharing is not, and never should be, an exception.

“In every community we serve, Enterprise is committed to following all federal, state and local laws, regardless of whether our customers are renting for an hour, a day, a week or longer,” said Jeff Wilder, Vice President and General Manager for Chicago.

Nearly all car rental and carsharing companies today use digital platforms to interact with consumers and facilitate online transactions. “No matter how customers choose to communicate with us, we make sure that every one of our services adheres to the same safety and recall regulations as our daily car rental operations,” he stressed. “And the same goes for state, county and local taxes.”

The Truth About Taxes

Unfortunately, it appears that Illinois peer-to-peer (P2P) car rental providers not only object to being held accountable to federal safety regulations, but also to paying their fair share in local taxes and fees – although they have historically and consistently described themselves in their marketing materials and customer-facing public relations strategies as car rental or carsharing.

P2P providers also tend to present themselves as entrepreneurial start-ups – but in reality most are backed by a large contingent of deep-pocketed venture capitalists, private equity funding and automotive manufacturers. Yet they continue to demand tax breaks and even pressure Illinois lawmakers to make special exemptions so that P2P providers don’t have to ever collect or pay the same state and local taxes, or airport concession fees, as other rental car companies.
As a result, it’s no surprise that most P2P providers can often advertise lower rates in Illinois. Meanwhile, they also seem to be intentionally creating confusion by misrepresenting normal tax policies.

For instance, in Illinois, all car rental and carsharing transactions are subject to the state Automobile Renting Occupation and Use Tax in lieu of local sales taxes. That means the Automobile Renting Occupation and Use Tax is ultimately and only paid by retail consumers as a customary practice. However, unlike car rental and carsharing customers, individuals listing their vehicles with P2P car rental providers would never be subject to such charges.

Therefore, claims made by P2P car rental platforms about unfair taxes or “double-taxation” are profoundly misleading and deceptive. “To state the obvious, the P2P industry’s latest salvo – a bogus ‘double-taxation argument’ – immediately falls apart under scrutiny,” Wilder explained.

**Industry Consensus**

Enterprise is in agreement with the American Car Rental Association and many others that all consumer transactions, including P2P rentals and carsharing, should be governed in a fair and consistent way from coast to coast. For example:

- The City of San Francisco was finally forced to sue a leading P2P company earlier this year. A newspaper quoted the city as follows: “They advertise SFO service and then turn around and say they don’t operate at the airport. Turo’s goal in these tactics is simply to avoid their share of the fees their competitors pay.”

- Sally Greenberg, executive director of the National Consumers League, states: “Because peer-to-peer operators are facilitating commercial car rental transactions, they must be held to the same consumer protection standards as any other car rental or car-sharing service.”

- A Queens, N.Y., Supreme Court Justice issued a ruling in 2010: “This bargain—use of a car in exchange for a fee—appears little different from ‘traditional rental car’ companies, notwithstanding … statements that contrast it with those companies. The Court finds that [the defendant] is in ‘the trade or business of renting or leasing motor vehicles’ as those words are traditionally and plainly understood.”

- A Chicago business editor recently wrote in a column titled “The Fallacy of the Sharing Economy”: “…nobody on these platforms is sharing anything. They’re selling, just like any business.”

The current SIUE carsharing program is just one part of Enterprise’s robust network that provides a comprehensive portfolio of transportation solutions, including car rental, ridesharing (vanpooling), car sales, truck rental, online ride-matching and affiliated fleet management services.

“We obviously operate a for-profit company,” Wilder pointed out. “So we accept all of the challenges, responsibilities and obligations that go along with running a successful, sustainable car rental and carsharing business.”

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