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Growing Coalition Continues Fight Against Arbitrary and Unfair Car Rental Excise Taxes

Coalition opposes Wisconsin Legislature's proposed \$18 excise tax

June 17, 2009 (St. Louis) – The Coalition Against Discriminatory Car Rental Excise Taxes – which includes car rental and car-sharing companies as well as travel industry, consumer, limousine and truck leasing organizations – today announced its opposition to an \$18 car rental excise tax currently pending in the Wisconsin Legislature.

“Our coalition continues to grow in response to blatantly unfair excise taxes that target car rental customers,” explained Ray Wagner, Vice President of Government and Legislative Affairs for Alamo Rent A Car, Enterprise Rent-A Car and National Car Rental. “These arbitrary 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.”

The number of U.S. car rental excise taxes has doubled during the past decade, with more than 100 currently in place in 43 states and the District of Columbia – and more than \$7.5 billion collected since 1990. Wisconsin’s proposed excise tax, designated to help fund a mass transit project, is one of the most egregious examples. It would increase the total tax rate in Kenosha, Racine and Milwaukee counties to more than 73 percent on a \$30 daily car rental.

Journalist and consumer advocate Christopher Elliott, likewise concerned about out-of-control car rental excise taxes, has expressed doubts about the Wisconsin proposal on his Web site (<http://www.elliott.org/blog/a-73-percent-tax-on-car-rentals-in-wisconsin-that-cant-be-right/>).

“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.”

(more)

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Wagner added: “In these tough economic times, 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. As a result, more and more stakeholders are speaking up on behalf of all car rental customers, regardless of whether they are renting locally or at the airport.”

The National Business Travel Association agrees that car rental excise taxes like the misguided Wisconsin initiative are fundamentally unfair. “Our research indicates that the majority of NBTA member companies spend at least half of their car rental budgets in their home markets,” stated NBTA President and Chief Executive Officer Kevin Maguire. “That means if Wisconsin legislators proceed with this outrageous car rental excise tax, they will be pulling money straight from the bottom lines of companies based in Kenosha, Racine and Milwaukee.”

Moreover, the National Consumers League has noted that car rental excise taxes are regressive because they fall disproportionately on local low-income residents, many of whom must rent cars because they do not own a vehicle. 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.

The Coalition has publicly acknowledged that local government authority not only is the cornerstone of U.S. democracy, but that local leaders obviously are struggling to fund many worthwhile programs, including the Kenosha-Racine-Milwaukee mass transit construction project. However, 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.

“Wisconsin’s shocking car rental excise tax proposal will distort basic economics by transferring revenue from our industry to the construction industry, which, in turn, will impact individual consumers and the local business community,” Wagner stressed. “We can’t help but wonder if Wisconsin legislators really want to pick winners and losers by targeting customers of one industry to prop up another. Most people 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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