



OUR ALLIES

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ALAMO RENT A CAR
AVIS RENT A CAR
AMERICAN AUTOMOTIVE
POLICY COUNCIL
AMERICAN CAR RENTAL
ASSOCIATION
AMERICAN INTERNATIONAL
AUTOMOBILE DEALERS
ASSOCIATION
AMERICAN SOCIETY OF
TRAVEL AGENTS
AMERICANS FOR TAX REFORM
ASSOCIATED INDUSTRIES OF
FLORIDA
BUDGET CAR RENTAL
CHRYSLER
CONSUMER ACTION
DOLLAR RENT A CAR
ENTERPRISE CARSHARE
ENTERPRISE RENT-A-CAR
FORD MOTOR COMPANY
GENERAL MOTORS
GLOBAL BUSINESS
TRAVEL ASSOCIATION
HERTZ CORPORATION
NATIONAL ASSOCIATION OF
MINORITY AUTO
DEALERS
NATIONAL CONSUMERS
LEAGUE
NATIONAL LIMOUSINE
NATIONAL URBAN LEAGUE
PROPERTY CASUALTY
INSURERS ASSOCIATION
OF AMERICA
RENT A TOLL
SPORTS FAN COALITION
TRUCK RENTING & LEASING
ASSOCIATION
THRIFTY CAR RENTAL
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U.S. PAN-ASIAN CHAMBER OF
COMMERCE (USPAACC)
U-HAUL CARSHARE
UNITED AUTOWORKERS (UAW)

EDSTAR Introduced in U.S. Senate; Bill Would Protect Consumers from Discriminatory Rental Car Taxes

For Immediate Release

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WASHINGTON, DC -- The Curb Auto Rental Taxes (CART) Coalition, a group of national organizations dedicated to protecting consumers from discriminatory car rental excise taxes, commends U.S. Senators Mark Kirk (R-IL) and Senator Richard Blumenthal (D-CT) for introducing S. 1164 the End Discriminatory State Taxes for Automobile Renters Act (EDSTAR). The bill would protect consumers by limiting the discriminatory taxes state and local legislators can impose on automobile rentals by leveraging Congress's well-established constitutional authority to regulate interstate commerce.

State and federal courts have ruled that rental car transactions constitute interstate commerce per the Commerce Clause. As such, the legislation stands to align the rental car industry with other modes of interstate transportation including railroads, airlines, and buses and would protect rental car consumers from discriminatory taxes in the same way Congress has protected consumers who utilize these other forms of interstate transportation.

EDSTAR would block states and local authorities from imposing new rental car taxes but would not alter those already in effect. Since 1990, more than 100 burdensome rental car taxes have been enacted in 43 states and the District of Columbia, adding up to more than \$7.5 billion in taxes above and beyond the standard sales taxes typically assessed on other goods and services.

"Car rental excise taxes are regressive, discriminatory, economically harmful, and constitutionally troublesome," explained CART spokesman Kevin Lawlor. "Our broad coalition believes that this bill will protect consumers by preventing state and local legislators from furthering an existing problem."

Rental car taxes unfairly single out consumers who travel because they are taxed without representation. Local politicians target these consumers with impunity, knowing they live and vote in other jurisdictions. Without accountability, such revenue is often used recklessly to fund extravagant projects having little to do with transportation and providing little benefit to those actually paying the taxes.

"High rental car taxes are causing tourists to cut back on travel which in turn, hurts the 563,000 jobs in Illinois that rely on the hospitality industry," Senator Kirk said. "Rental car taxes have cost consumers more than \$7.5 billion since 1990. This bill provides needed tax relief and more accurate pricing of rental cars."



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Moreover, the greatest impact is on those who can least afford it; in a recent study of consumers renting from off-airport locations in their own neighborhood, households earning less than \$50,000 a year paid 41 percent of all car rental taxes. Such taxes also in effect discriminate against minorities, who were 75 percent more likely to rent cars than non-Hispanic whites at these locations.

"This bill will eliminate an egregiously unfair tax, burdening an industry significant to Connecticut and help drive tourism, jobs, and economic growth," said Senator Blumenthal. "Rental car customers should not face such discriminatory taxation; rather, they should be provided with the same protections already granted to airline, train, and commercial bus customers."

The economic consequences of excessive rental car taxes are far-reaching. For example, these taxes increase travel costs, which has implications for many related businesses. Insurance rates rise because coverage typically provides for rental cars when repairs are necessary. And since rentals account for 1.6 million new vehicle sales, nearly 10 percent overall, the auto industry and the jobs it supports are profoundly affected.

CART will continue advocating for the bill throughout the legislative process and is counting on the bill's sponsors and co-sponsors to continue championing the issue.

CART partners with organizations from across the political spectrum that include some of America's leading companies, policy organizations, labor and consumer advocate groups, such as American Society of Travel Agents, Americans for Tax Reform, the National Urban League, United Auto Workers, Property Casualty Insurers Association of America and National Consumers League. CART is dedicated to passing fair policies that will grow the economy and remove barriers to consumers and businesses alike and supports congressional action that would put a stop to increasing rental car taxes across the country.

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