CORRECTING THE RECORD ON VEHICLE RENTAL TAXES

FACT #1: So-called "peer-to-peer car sharing programs" tell government they aren't in the car rental industry, but they offer their customers cars for "rent". (See examples below)

It's just fiction when they claim, *"Consumers aren't renting cars when they use a peer-to-peer car sharing program."*

REALITY: Peer-to-peer car sharing programs are facilitating the rental of motor vehicles to the public. Without this legislation, they will continue to refuse to collect and remit the taxes that are owed on these transactions.

FACT #2: When an individual rents tangible personal property, like a motor vehicle, that individual owes tax on the service they have purchased.

It's just fiction when they claim, *"It's double taxation to make renters pay sales tax on their rentals because vehicle owners paid sales tax when they purchased the vehicle."*

REALITY: States tax each resale transaction for tangible personal property such as a motor vehicle. When a vehicle is sold multiple times, each new buyer owes sales on the purchase of that same vehicle. In peer-to-peer car rental, every transaction is the retail purchase of a taxable service. Each new consumer of the rental service owes the tax on his or her purchase. No one is being taxed twice.

- **It Is NOT double taxation when:**
  - Sales tax is paid **by the original owner** when he/she buys a car; AND
  - Sales tax is paid **by the second, third, or subsequent buyer** when the car is sold as a used vehicle.

- **Just like, it is NOT double taxation when:**
  - Sales tax is paid **by the owner** when they purchase their vehicle; AND
  - Sales tax is paid **by the renter** when that same vehicle is rented through a peer-to-peer program

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FACT #3: Multiple sales tax obligations exist when there are multiple sales transactions of the same asset.

It's just fiction when they claim, *"rental companies receive preferential tax treatment."*

REALITY: Rental companies get the same tax treatment as other businesses who purchase assets exclusively for resale. In order to be eligible for a sales tax exemption the asset must be used exclusively for rental, lease, or resale:

- When a rental company, or anyone else, purchases a vehicle exclusively for resale, the purchase **not taxed**; BUT,
- When a rental company, or anyone else, purchases a vehicle that is used in any other way, **tax is owed.**

FACT #4: All dealers and lessors in the state who purchase vehicles exclusively for lease or rental in the regular course of business receive the same tax treatment.

It's just fiction when they claim, *"Rental companies get a special exemption from sales tax on vehicles."*

REALITY: States apply sales tax to retail transactions involving tangible personal property.

- Sales tax **IS NOT** owed on a purchase transaction when a vehicle is purchased exclusively for resale, lease or rental.
    - This is consistent with tax policy for all other wholesale purchases of inventory by businesses.
    - For example, the local grocer does not pay sales tax on the purchase of the goods she offers for sale. Instead, sales tax is owed on the RETAIL sale of those goods. The grocer collects that sales tax from her customers and is responsible for remitting it to the state.

- Sales tax **IS** owed on the RETAIL lease and rental transactions and **IS** collected and remitted by the lessor or renter of the vehicle.
    - **State** tax policy ensures that sales and use taxes are applied to the "end use" or retail transactions in the sale, or resale, of tangible personal property – in this case, motor vehicles.
    - This policy ensures the greatest revenue for the state as the "end use" typically is the highest priced transaction, thus generating the most revenue.

There are no "special exemptions" for car rental companies in ANY STATE.

Rental car companies collect and remit tens of millions of dollars in sales tax annually for the state; pay tens of millions of dollars in rental excise taxes, fees, and business and payroll taxes; and generates well over a BILLION DOLLARS of economic impact in annually.

THE FREE RIDE *for* CAR RENTAL PLATFORMS

Tech car rental platforms are taking advantage of critical facilities and infrastructure without paying their fair share. Their business model is tax avoidance, and each day they operate unregulated is a day they profit at the expense of taxpayers.

DEBUNKING THE "DOUBLE-TAX" AND OTHER FLAT OUT LIES, DISTORTIONS AND SCARE TACTICS FROM THE TECH CAR RENTAL INDUSTRY.

FALSE CLAIM #1

Passing regulations would create a system of double-taxation for car owners.

FACT

New regulations DO NOT tax car owners. Period.

FALSE CLAIM #2

Passing new regulations would create a new tax intended to stop the car sharing economy.

FACT

The new regulations are NOT a new tax. They simply hold tech car rental platforms to the same standards as the rest of the rental industry.

FALSE CLAIM #3

The new regulations are sponsored by big national rental companies that simply don't want competition.

FACT

These regulations are supported by cities, airports and consumer groups concerned about consumer protection, safety and fairness.

Vote to hold tech car rental platforms to the same tax and safety standards as the rest of the rental industry.

CLOSE THE LOOPHOLE