



HB 898 – Opposed – Repeal of Rental Car Exemption to Excise Tax

Dear Chair Atterbeary and Members of the Ways and Means Committee;

I am the President and founding member of NextCar All Vehicle Rentals. I founded the NextCar brand in Annapolis in 2002. I have a decades long career in providing Maryland Car Rental Services that dates back to 1969. Yes, I have 56 years of car rental experience here in Maryland. My company is headquartered in Laurel Md, where we manage 17 stores in the state with 132 employees – mostly Maryland residents. We have stores in Anne Arundel, Baltimore City, Baltimore County, Frederick, Montgomery, Prince Georges and St. Mary's Counties.

I really need you to understand that taxation of car rental has a detrimental effect on the citizens of Maryland. Statewide the mix of Maryland residents to out of state residents that rent cars in Maryland is about 50% to 50%. **So, you would in fact be increasing taxes on your own constituents.** The customer base that I serve are not the well to do clients of Hertz and Avis but the ordinary people that are residents of Baltimore City, Laurel, Camp Springs etc. My customers rent cars to go on vacation or business trips out of state because they can't afford to fly the whole family to go to Atlanta or Orlando!

I have attached a spreadsheet that shows you the difference between the Excise Tax that car rental is exempted from and the Car Rental Tax that the legislature passed many years ago to replace it. **The Car Rental Industry is already paying a very high Tax Rate of 11.5%. It just would not be fair to my customers to pay any more tax than they are now!** I am not aware of any other industry in the State that pays a higher tax rate. Even Alcohol is only taxed at 9.0 %.

The attached spreadsheet shows you the difference in dollars between the Excise Tax that John Q. Public pays when he buys a new Toyota Camry and retains ownership for a 6-year period and the Rental Car Tax (11.5%) that car rental customer's pay over the same 6-year period when renting the same Toyota Camry.

John Q. Public pays Excise Tax after trade-in and retains car for 6-Years = **\$ 890 Tax Paid**

Rental Car Tax paid by rental customers per car per year over 6-Years = **\$9,522 Tax Paid**

AS you can see Car Rental Customers are already paying 10 times as much tax as John Q Public. It simply would not be fair to put more tax burden on your Car Renting constituents.

Please vote NO! on HB -898.

Thank You for your attention on this important matter!

Sincerely,

Michael L. DeLorenzo, President

Email: Mike@NextCar.com