



701 Wedeman Avenue  
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enterprisemobility.com

**RE: OPPOSE HB898 – Transportation – Vehicle Excise Tax – Rental Vehicles**

Chair Atterbeary and members of the House Ways and Means Committee:

**On behalf of Enterprise RAC Company of Baltimore LLC which is the wholly owned subsidiary of Enterprise Mobility we respectfully request an unfavorable report to HB898.** Enterprise operates the Enterprise, National and Alamo Car rental Brands throughout Maryland. We have a network of over 100 locations, over 1500 employees (with a payroll north of 83M) and over 20,000 rental cars throughout the state of Maryland. Our total economic impact to the state of MD is \$177M (as you can see in the attached exhibit).

Enterprise appreciates your careful consideration HB898 which expressly revokes the long-standing tax treatment of vehicles purchased exclusively for rental in the regular course of business.

Maryland law currently does not apply sales tax to tangible property that is purchased exclusively for rental, lease, sale or resale. Maryland law does, however, apply sales tax to retail transactions involving such property – 11.5% on every rental transaction and 6% on the resale of vehicles when Enterprise and other rental companies turn over their fleets. This is consistent with tax policy for all other wholesale purchases of inventory by businesses. For example, a local shop owner does not pay sales tax on the purchase of the goods they offer for sale in their store. Instead, sales tax is owed on the retail sale of those goods. The shop owner collects that sales tax from the customer and is responsible for remitting it to the state.

The fact is, rental companies are treated just like everyone else who purchases goods exclusively for rental, lease, sale or resale. When rental companies, or anyone else, purchase a vehicle for any other use, there is no exemption.

**HB898 would completely upend this widely adopted policy, making Maryland the first state in the nation to create an outlier tax treatment that specifically targets car rental companies – which in turn, would be inconsistent with the way Maryland treats other industries.** This double taxation would have a negative impact on car rental companies in Maryland, as well as the thousands of Maryland residents who rent vehicles from Enterprise and our brands each day across the state.

Imposing tens of millions of dollars in new taxes on an industry that continues to be recovering from the devastating impacts of the global COVID-19 pandemic would further jeopardize large and small operators alike. Now more than ever, this unprecedented change in long-standing tax policy would create unnecessary, damaging uncertainty for our business; ultimately, impacting the significant tax revenue and fees the state and municipalities receive currently as a result of our business activity.

To summarize, Enterprise is asking you to reject HB898 and its targeted tax increase on the vehicle rental industry. We ask instead, that you maintain the consistent Maryland tax policy of exempting from sales tax the purchase of goods to be used for resale purposes only. Motor vehicles purchased by rental companies should not face a different tax treatment than any other goods purchased exclusively for rental, lease, sale or resale. For those reasons we respectfully request an unfavorable report to HB898.

## Enterprise Rent-A-Car Economic Impact Model

### Direct Economic Activity Associated with Rental Car Operations

<b>Employment:</b>	1503
<b>Payroll:</b>	\$83,107,688
<b>State &amp; Local Payroll Taxes:</b>	\$5,333,784
<b>Property Taxes:</b>	\$1,070,235
<b>Vehicle Based Taxes &amp; Registration Fees:</b>	\$4,575,854
<b>State/Local Sales, Business and other Taxes:</b>	\$53,778,927
<b>Total State &amp; Local Tax Payments:</b>	\$64,758,800
<b>Charitable Donations:</b>	\$1,755,807
<b>Total Direct Activity:</b>	<b>\$149,622,294</b>

### Indirect Economic Activity Associated with Rental Car Operations

<b>Indirect Employment:</b>	1545
<b>Stimulated Household spending:</b>	\$27,425,537
<b>Total Indirect Activity</b>	<b>\$27,425,537</b>

**Total Estimated Direct and Indirect Economic Activity Associated with Enterprise Car Rental Operations:**

**\$177,047,831**

### Definitions:

**Direct Activity:** Activity directly due to Enterprise Operations; dollars spend directly by Enterprise branches or people employed at Enterprise branches.

**Indirect Employment:** The employment that exists because of the rental car establishment's presence, either by suppliers of the establishment or the jobs supported by the consumer spending of establishment employees

**Stimulated Household Spending:** The consumer spending stimulated by the presence of the establishment. When an Enterprise employee spends his or her salary at a local retail business, some of those dollars are re-circulated through the economy by the employees of those other local businesses.

**Indirect Business Impacts:** Revenue at other local businesses (ie, car dealers, repair facilities) that is due to their business relationship with Enterprise branches.