



Testimony of Art Diaz, Enterprise Car Rental  
HOUSE TAXATION COMMITTEE  
March 1, 2023  
Opposition to HB 2062

Thank you Chairman Smith and Members of the House Taxation Committee for allowing me the opportunity to present testimony in opposition to HB 2062. My name is Art Diaz and I am the Group Controller for Enterprise Holdings here in Kansas. Our company owns the Enterprise, National and Alamo car rental brands.

We were founded in the Midwest, and are still headquartered here. We invest here, we hire here and we pay taxes here – as well as collect and remit other taxes here. We are committed to this state. We currently employ more than 400 Kansans, have 42 business locations and utilize a fleet of more than 5,000 cars in Kansas alone.

To put today's bill in perspective, the Kansas Legislature enacted KSA 79-5117 in 1991, a 3.5 percent additional excise tax on all rental car rentals in lieu of property taxes.

It was the outgrowth of an earlier Legislative Audit Report that determined that the traditional method of collecting property taxes often didn't work with rental car companies, due to the transient nature of the vehicles rented in this state. The legislature crafted this excise tax in lieu of property taxes as an efficient and equitable way to collect taxes on each rental transaction that occurs in our state regardless of where the car is registered and have those taxes returned to Kansas counties. We believe that it has continued to serve that purpose.

In addition to this excise tax, Enterprise collects and remits state and local sales tax on each transaction. The proponents to this bill now collect sales tax as well but only because the legislature enacted the Marketplace Facilitator Act. Otherwise, those proponents who benefit from those transactions in this state would not collect or remit any tax.

While we don't support this bill, the company does believe that transparency is an important issue and we favor full disclosure of all taxes, fees and charges to the consumer in advance.

The industry has recently seen an increase in add-ons for garage fees, delivery fees, license recovery fees and so on. Regardless of the nature of the rental transaction – either through a more traditional rental car company or a platform-type rental, there should be full disclosure – and in



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advance. Colorado and other states have recently enacted measures regarding the disclosure of additional mandatory charges. The Oklahoma legislature is considering a similar bill this year as well.

We would suggest that this Committee adopt the attached amendment as a Substitute for HB 2062.

I would be pleased to respond to any questions.

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Proposed Substitute for HB 2062:

1. As used in this Act:

“Additional mandatory charge” means any separately stated charges that specifically relate to the operation of a vehicle being rented, including, but not limited to, customer facility charge, airport concession fee, road safety program fee, vehicle license recovery fee (whether to license, title, register, plate or inspect the vehicle) and any government imposed taxes or fees.

2. Any person or entity who rents to a third party a motor vehicle shall, if they intend to impose mandatory additional charges:

- a) Provide a good faith estimate of the total charges for the entire rental, including all additional mandatory charges, whenever a quote is provided to a potential customer. The good faith estimate may exclude mileage charges and charges for optional items that cannot be determined prior to completing a rental reservation.
- b) Disclose in the rental contract provided to the renter the total charges for the entire rental, including all additional mandatory charges, but excluding charges that cannot be determined at the time the rental commences.

3. This Act shall be part of the Kansas Consumer Protection Act.

4. This Act shall take effect from and after its publication in the Statute Books.