



Testimony of

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Comments on HB 2062 (Support)

March 20, 2024

Chairman Smith, Vice Chair Bergkamp, Ranking Member Sawyer, and members of the committee:

On behalf of Turo’s community of hosts and guests in Kansas, I respectfully offer my SUPPORT for HB 2062 and appreciate your consideration of this measure.

As the largest peer-to-peer car sharing marketplace, Turo provides the opportunity for car owners (“hosts”) to share their cars with neighbors and travelers alike. Hosts earn a little extra income to offset the high costs of car ownership, or lessen the burden of credit card debt, student loans, or medical bills. Guests, who are also often local, enjoy the opportunity to choose an exact make, model, and price point to suit their specific needs or take them on their next adventure. In Kansas, hundreds of individuals share their cars on Turo and thousands look to Turo to find a car that fits their needs.

At its core, HB 2062 is a bill of sound tax policy and fairness. This measure would eliminate the excise tax for those renting vehicles in Kansas and reinstate the property tax on vehicles purchased by rental car companies, as is already required of all others who purchase vehicles in Kansas, including peer-to-peer car sharing hosts like those who list their vehicles on Turo.

In 1991, an exchange was created in statute through SB 14 where rental car companies would no longer be required to pay the vehicle property tax in exchange for an excise tax on rental receipts. The goal at the time was to recoup the loss from the property tax exemption through the excise tax. That, however, has not been the result of this legislative exchange. Instead, Kansas generates \$5.6 million annually in revenue from the rental car excise tax, but loses an estimated \$15 million in revenue from the property tax exemption, a number recently confirmed by the Kansas Department of Revenue. According to the Kansas Legislative Research Department, the property tax makes up more than half of the tax receipts for counties, school districts, cities, and townships in Kansas and those entities would benefit greatly from the restoration of their tax base.

Additionally, excise taxes are not sound tax policy as has been argued by rental car companies themselves. According to the Tax Foundation (2019), excise taxes narrowly target one industry in hopes of capturing nonresidents with taxes. However, a 2010 study by The Brattle Group (at the request of Enterprise Rent-a-Car) showed that more revenue is generated by neighborhood locations rather than at airports indicating that a majority of renters are local. Not only do these

excise taxes impact locals, they disproportionately affect lower income households and the rental car companies themselves. In that same study it was estimated that the removal of rental car excise taxes would have increased demand at Enterprise by 3.9% in 2008 and that these excise taxes cause the loss of about 22,000 new vehicle sales into the Enterprise fleet each year.

When Kansans, including those who share their cars on peer-to-peer car sharing platforms like Turo purchase their vehicles, they are required to pay this very same property tax. This measure simply reverses a policy that no longer works for Kansas and restores fairness while lowering taxes for consumers.

It is often argued that rental car companies will simply move their fleets to another state should the requirement to pay their fair share in property taxes be placed on them. However, Kansas is a member of the International Registration Plan (IRP), a multi-jurisdictional agreement that requires rental car companies to register a portion of their fleets in the state of operation. In addition to Kansas' participation in the IRP, rental car companies in Kansas are also required to register their vehicles in the state for fleets over 250 vehicles under K.S.A. 8-1,189.

Finally, Kansas will not be the only state requiring the payment of applicable taxes upon the purchase of rental fleets. They are currently required to pay some form of tax on vehicle purchases in North Dakota, Georgia, Hawaii, Oregon (where there was a recent court decision requiring rental car companies to pay use tax on vehicle purchases), and they pay property taxes like the one we are addressing today in states like Connecticut.

For these reasons, we are strongly in support of HB2062 and urge the committee to move the measure forward.