



April 2, 2019

The Honorable Janet Ancel,  
 Chair, House Ways & Means Committee  
 State House  
 115 State Street  
 Montpelier, VT 05633-5501

**ELRAC, LLC.**  
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Dear Chair Ancel and Committee Members

ELRAC, LLC. d.b.a. Enterprise Rent-A-Car, National Car Rental and Alamo Rent-A-Car (hereinafter Enterprise Holdings) respectfully submits this letter in opposition to H.545, the bill dealing with the South Burlington Charter Change, that would increase the rental car tax by .5% in South Burlington and at car rental services at the Burlington International Airport (BTV). The proposed tax increase would be used for paving and repairing the roads within the South Burlington city limits. (hereinafter “.5% Tax” )

Enterprise Holdings is the largest rental car company in South Burlington with approximately 2/3rds of our revenue generated from customers renting from BTV and 1/3rd from our off-airport locations on Williston Road and Shelburne Road. As demonstrated below, we believe imposition of the .5% Tax violates the current Federal Aviation Administration (‘FAA’) Reauthorization Act of 2018 (the “Reauthorization Act”) and would be detrimental to South Burlington residents and other local Vermonters.

**Objection 1: The .5% Tax violates FAA Reauthorization Act**

The proposed .5% Tax violates the Federal Prohibition Clause of the Reauthorization Act (Section 40116(d)(2)(A)(v) of Title 49 United States Code. The Reauthorization Act states that a State, political subdivision of a State, or authority acting for the state or political subdivision may not:

“(v) except as otherwise provided under section 47133, levy or collect a tax, fee, or charge, first taking effect after the date of enactment of this clause, upon any business located at commercial service airport or operating as a permittee of such an airport that is not generally imposed sales or service by the State, political subdivision, or authority unless wholly utilized for airport or aeronautical purposes.”

The proposed .5% Tax meets each of the four elements and thus if enacted would be in direct violation of the Federal Prohibition Clause of the Reauthorization Act. Said differently, because the proposed .5% Tax is solely imposed on rental car services and the revenue would not be used wholly for airport or aeronautical purposes, the proposed .5% tax at BTV is in direct violation.

**Objection 2: The Impact of the Tax Increase Would be Detrimental to South Burlington and Vermont residents.**

Vermonters currently pay a 9% rental car tax, one of the highest on rental cars in the country, and an incremental 0.5% would be harmful to South Burlington residents and other local Vermonters. The rental car industry is often thought of as a tourist industry and therefore is subject to the misconception that increases in tax rates will only affect those from ‘out of town, out of state.’ The truth is the complete opposite. Enterprise Holdings operates locations off-airport on Williston Road and Shelburne Road. These locations service the local residents and businesses of South Burlington, and over 80% of these renters possess a Vermont driver’s license. Our customers rent for various reasons, including: temporary replacement while their personal cars are in the shop for repairs; renting a cargo van for their small businesses to deliver their products; or renting a more convenient

vehicle for family vacations. Any rental car tax increase would hurt the South Burlington renters and push them to rental locations outside the South Burlington market or find them not renting a car at all in spite of their needs.

On behalf of our rental customers, I appreciate the opportunity to express the concerns associated with H.545 and respectfully request that your Committee vote in opposition H.545.

Respectfully submitted;

A handwritten signature in black ink, appearing to read 'D. Thompson', written over a horizontal line.

Dean Thompson  
Vice President of Finance  
Enterprise Holdings