

June 30, 2021

## House Corporations

Rhode Island General Assembly

RE: Testimony on H6429: "Peer-to-Peer Car Sharing Programs"

Chairman Solomon and Honorable Members of the House Corporations Committee:

On behalf of Enterprise Holdings [Enterprise], I am pleased to submit written testimony on H6429, "Peer to Peer Car Sharing Programs." H6429 seeks regulate the peer-to-peer car rental activity conducted by companies who commonly referred to themselves as "peer-to-peer (P2P) car sharing programs."

My name is Stephen Ranieri and I am the Controller for CAMRAC, LLC, the wholly owned subsidiary of Enterprise Holdings which operates our brands National Car Rental, Enterprise Rent-A-Car and Alamo Rent A Car across Rhode Island, Massachusetts and Connecticut. Our regional headquarters, and my office, is in Windsor Locks, Connecticut.

We greatly appreciate the Committee raising H6429 this legislative session and support the general insurance framework that it appears has been largely adopted from the National Council of Insurance Legislators (NCOIL) model bill. Unfortunately, there is a significant omission from that NCOIL model bill that we believe sets Rhode Island back in its efforts to regulate these currently unregulated entities. Additionally, we believe that greater clarity with respect to the Rhode Island Airport Corporations ability to regulate this activity is needed. Accordingly, we respectfully request that two changes be made to the bill language prior to moving the bill forward.

1. We would ask that the "scope" section, from the adopted NCOIL model bill, be added to the current bill language.

***Scope: This Act is intended to govern the intersection of peer-to-peer car services and the state-regulated business of insurance. Nothing in this Act shall be construed to extend beyond insurance or have any implications for other provisions of the code of this state, including but not limited to, those related to motor vehicle regulation, airport regulation, or taxation.***

Without the addition of this scope section, the newly defined "peer to peer car sharing" activity could be interpreted to be exempt from the taxes and fees associated with the service of renting/sharing a vehicle.

While "peer-to-peer car sharing" is correctly defined as something other than rental transactions (27-8.3-3 lines 1-3 on page 2 of H6429), the legislation should make clear that such definition is with respect to insurance requirements and that "peer-to-peer car sharing programs" are subject to taxation like any other business in Rhode Island, including traditional

rental car transactions. Otherwise, peer-to-peer car sharing transactions could be inadvertently excluded from being taxed. The best legislative solution to such potential issue is to include the scope language above, which addresses the issue in clear straightforward language.

2. We would also request that language governing airport activity be added.

**A peer-to-peer car sharing program, shared vehicle owner, or motor vehicle rental company shall, upon request of an airport, including but not limited to any entity responsible for regulating commerce at such airport within this state, enter into an agreement, which agreement may be a concession agreement, prior to:**

- (1) listing, publishing, or advertising Vehicle(s) or motor vehicles parked on airport property or at airport facilities;**
  - (2) facilitating the use of Vehicle(s) or motor vehicles to transport airport customers to or from airport property or airport facilities, regardless of whether that use is to be initiated or has a Start Time which occurs on or off of airport property or airport facilities;**  
**or**
  - (3) promoting or marketing Vehicle(s) or motor vehicles to transport airport customers to or from airport property or airport facilities, regardless of whether that transportation is to be initiated or has a Start Time which occurs on or off of airport property or airport facilities.**
- (b) The agreement described in subsection (a) shall set forth same or reasonably similar standards, regulations, procedures, fees, and access requirements applicable to a peer-to-peer vehicle sharing program, shared vehicle owner, and motor vehicle rental company.**
- (c) If a peer-to-peer vehicle sharing program, shared vehicle owner, or motor vehicle rental company (1) fails or refuses to enter into an agreement described in subsection (a) after request by an airport, or (2) performs, participates in, or undertakes any of the actions set forth in subsection (a)(1)-(3) before entering into an agreement described in subsection (a) after request by an airport, the affected airport may seek an injunction prohibiting operations at the airport and may also seek damages against a peer-to-peer vehicle sharing program, shared vehicle owner, or motor vehicle rental company.**

The revised language regarding the airport authority also provides the appropriate protections for the Rhode Island Airport Corporation to engage in agreements and collect fees from P2P programs. We believe additional clarity with respect to RIACs authority will prevent unnecessary delays, disputes, and lost revenue for the state and the airport.

Enterprise is a 62-year old, family owned, family operated, entity that offers mobility solutions including car rental, car sharing, commuter vanpooling, and other multi-modal mobility service models. **For more than six decades, Enterprise has been “sharing” our fleet of vehicles with consumers. Here in Rhode Island, we accomplish that with 200 employees, operating a fleet of 3,000 vehicles, through a network of 17 locations.**

We recognize that the rental of personal vehicles through peer-to-peer rental programs is a growing business model and should absolutely be welcomed by Rhode Island. Enterprise always welcomes innovation and competition in our industry, including the peer-to-peer car

sharing business model. We hope our extensive experience in renting, or sharing, vehicles with consumers will bring value to this legislative process.

We believe it is critical to point out the differences, and similarities, amongst the various business models in our industry; including car rental, car sharing, peer-to-peer car rental, and personal car sharing. There are many terms used to describe “the temporary transfer of possession of a vehicle, without a driver, in exchange for consideration.” **However, whether you brand it car rental or car sharing, it’s the exact same service being provided to consumers; only the business models for providing the service are different.**

It is important to distinguish this activity from other transportation types that use “sharing” in their branding. This is not TNC activity marketed as ridesharing by Uber and Lyft; “rides” aren’t being provided, “vehicles” are being provided. In many ways, this is the Airbnb of car rental:

- Vehicle owners make their cars available for rent through a peer-to-peer program;
- Consumers rent the vehicles from the program; and
- The program pays the vehicle owner a portion of the proceeds and retains the rest themselves.

The only distinction between a “Peer-to-Peer Sharing” transaction and any other car rental transaction is that the vehicle being “rented” or “shared” is not owned by the company facilitating the rental. But companies doing business as “Peer-to-Peer Car Sharing Programs” are asserting that they aren’t in the business of renting cars. Because they claim not to be renting cars, they don’t follow Rhode Island’s laws for the rental of vehicles to the public; nor do they collect and remit the taxes and fees Rhode Island has deemed applicable to car rental transactions.

An [April 2020 Superior Court decision](#) in California also classified P2P companies as “car rental companies.” In an attempt to justify their call for a separate regulatory structure, stakeholders with an interest in the peer-to-peer business model commonly make two false statements. The first inaccurate statement is that the rental industry or Enterprise specifically, gets a tax break when we purchase our vehicles; and the second is that, if held to current rental laws, vehicle owners would be double taxed. Please know:

- The rental industry does not get any special tax breaks; our wholesale purchases are tax exempt – just like any other retailer of goods and services throughout Rhode Island.
- Vehicle **owners** are not being double-taxed when **peer-to-peer programs** are required to collect and remit the taxes and fees owed, by vehicle **renters**.
- We do not believe that a participant in a peer to peer program purchases a car to specifically to participate in a P2P program. They purchase the vehicle for personal use and when time permits use this vehicle to generate revenue through the P2P platform.

**Enterprise does not support legislation that would allow any party to be double taxed. We adamantly dispute any characterization of our position as creating double taxation or tax breaks for our industry.** Enterprise remits a variety of taxes annually to the Department of Revenue remitting over \$4 million in sales taxes and \$1.7 million in the Rental Surcharge.

Enterprise does believe it is necessary, due to the nature of renting privately owned and insured vehicles to the public, to create regulations governing the insurance obligations amongst the multiple interests in peer-to-peer vehicle rental. Enterprise supports a regulatory scheme that:

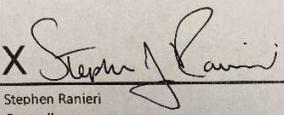
- Protects the vehicle owner from liability during the car rental period;
- Shields the owner's personal automobile insurance policy from responsibility for losses during the car rental period, unless that policy knowingly chooses to afford coverage; and
- Ensures Rhode Island's limits of financial responsibility are available for injured third parties.

**In summary, Enterprise supports modernizing Rhode Island's existing laws to ensure there are no barriers to the rental of privately-owned vehicles through peer-to-peer car rental companies, while also ensuring:**

- **Our residents are getting the same consumer protections, regardless of what company they use to rent a car;**
- **Our airports have the express authority to regulate this rental activity at their airports; and**
- **The already enacted taxes and fees owed on car rental activity don't go uncollected.**

Thank you for your time and consideration of this very important issue. Enterprise respectfully requests that you add scope language to the bill and replace the language in Section 13 with the language we provided today. Enterprise looks forward to working with the Committee and the General Assembly to ensure Rhode Island consumers are protected, robust competition is fostered, and important revenue streams are maintained. If you have any questions, please feel free to contact me at 781-983-6674.

Sincerely,



X *Stephen J. Ranieri*  
Stephen Ranieri  
Controller

Stephen Ranieri  
Controller  
CAMRAC, LLC