

March 18, 2022

Opposition to HB 2098 for hearing on March 29, 2022

Rep. Michael Peifer, Chair, Finance Committee
Rep. Tina Pickett, Chair, Insurance Committee
Pennsylvania House of Representatives

Dear Chair Peifer, Chair Pickett, and Members of the Committees:

Thank you for the opportunity to submit testimony. We respectfully ask that you vote **against** HB 2098 because the bill:

- Creates regulations at airports that would block airports and car-sharing services from reaching agreements and would override any existing contracts; and
- Requires airports to use valuable real estate for services not sought by customers.

1. HB 2098s Target Everyday Pennsylvanians for Disfavored Treatment

HB 2098's proponents argue that these bills ensure that all types of rental vehicle transactions have to abide by the regulatory and tax treatments intended in Pennsylvania, but they actually target everyday Pennsylvanians for disfavored treatment by mischaracterizing them as "Big Rental" car companies.

HB 2098 explicitly conflates Pennsylvanians who use peer-to-peer car sharing to help make ends meet with Big Rental companies like Hertz and Enterprise. In fact, the bill collapses any differences between peer-to-peer (P2P) car sharing apps and their users and traditional rental car markets. At the same time, however, the bill fails under its own logic.

If P2P platforms are no different from Big Rental, as the bills assume, then why does Big Rental get sales tax breaks that the regular Pennsylvania auto buyers don't get?

Everyday Pennsylvanians have to pay sales taxes when they buy new cars – **but Pennsylvania exempts Big Rental from sales tax on cars bought for their fleets. The cost of these avoided sales taxes in Pennsylvania alone are estimated at nearly \$150 million each year.**¹ This is just one indication that the Commonwealth treats the Big Rental business model and operational scale as fundamentally distinct from a Pennsylvania citizen who rents her car or truck to others to earn extra income.

HB 2098 ignores the fundamental differences between Big Rental and individuals renting their cars, and in a way that would risk stifling pro-consumer competition and innovation. Indeed, Big Rental hates P2P platforms precisely because P2P competition is forcing Big Rental to reduce prices. Industry surveys confirm that Big Rental has named P2P as its top competitive "threat" several years running.²

¹ NetChoice, *Big Rental's Rules of the Road: Tax Loopholes & Sneaky Subsidies* 10 (Winter 2020), <http://netchoice.org/wp-content/uploads/2020-NetChoice-Policy-Note-Big-Rental-Subsidies.pdf>.

² *Id.* at 7.

Unsurprisingly, to prevent further market erosion, Big Rental has pushed state lawmakers to regulate P2P into oblivion—in other words, under the guise of “health and safety” standards, Big Rental has launched a duplicitous campaign against P2P.

Pennsylvania shouldn't fall for **competition prevention** that's pretending to be consumer protection. Doing so would mean hurting everyday Pennsylvanians who rely on P2P for extra income to help pay the bills at a time of high inflation and a slow recovery from COVID lockdowns. Big Rental feels these pains too, but lining its coffers at the expense of everyday Pennsylvanians isn't good policy.

2. HB 2098 Blocks Agreements between Car-Sharing Businesses and Airports

Today, car-sharing platforms and airports can negotiate permitting agreements that work for both parties. These agreements allow Pennsylvania citizens to share their cars while empowering airports to retain the control they seek. But HB 2098 would overrun any existing agreements with car-sharing businesses and interfere with negotiations now in progress.

For example, car-sharing happens almost entirely online. Booking and payments are processed online. And customer care is provided online or over the phone. This empowers car-sharing businesses to avoid costly car rental centers or counters at the airport - meaning that much more of the rental revenue goes to Pennsylvania car owners. At the same time, this avoids taking valuable real estate away from airports that they can use for other purposes.

But HB 2098 would force requirements fit for large car rental companies onto businesses for whom such arrangements are illogical.

We ask that you not conflate Pennsylvania residents sharing their cars with billion dollar car rental corporations. And we ask that you not upend existing working agreements between airports and car-sharing businesses.

For these reasons, NetChoice respectfully asks that the Committee vote **against** HB 2098.

Thank you for the opportunity to testify, and please contact me if you have any questions or concerns.

Respectfully submitted,

Steve DelBianco
President & CEO
NetChoice

NetChoice is a trade association working to make the internet safe for free enterprise and free expression.