

March 18, 2022

## Opposition to HB 2099 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 2099 because the bill:

- Targets everyday Pennsylvanians for over-regulation; and
- Limits Pennsylvanians' property rights and individual freedoms.

### 1. HB 2099s Target Everyday Pennsylvanians for over-regulation

While HB 2099's sponsor argues that this bill "ensures that all types of rental vehicle transactions have to abide by the regulatory and tax treatments intended in Pennsylvania,"<sup>1</sup> they actually target everyday Pennsylvanians for unreasonable treatment by conflating them with "Big Rental" car companies.

HB 2099 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, 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.**<sup>2</sup> 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

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<sup>1</sup> Memorandum, "Peer-to-Peer" Private Vehicle Rental Programs Package, From Rep. Eric R. Nelson to General Assembly Members (Mar. 9, 2021),

<https://www.legis.state.pa.us/cfdocs/Legis/CSM/showMemoPublic.cfm?chamber=H&SPick=20210&cosponId=34983>.

<sup>2</sup> 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>.

P2P competition is forcing Big Rental to reduce rental rates charged to consumers. Industry surveys confirm that Big Rental has named P2P as its top competitive “threat” several years running.<sup>3</sup>

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 2099 Infringes on Pennsylvanians’ Property Rights & Individual Liberties

While few doubt the state’s power to regulate on behalf of public safety, this power should never be used to help an established industry while penalizing hard-working taxpayers who merely seek to better themselves and their families. And contrary to Big Rental’s claims, P2P users abide by reasonable safety standards and contribute taxes to the state treasury.

But Big Rental doesn’t care. Despite having lucrative tax breaks and subsidies, Big Rental wants to crush the little guy through taxes and punitive regulations. P2P platforms have safety and insurance standards that work well for renters and rentees alike. Rather than work with P2P platforms to refine a business model that works for that digital market, Big Rental wants the Commonwealth to infringe on the property rights and individual liberties of Pennsylvanians by treating them as if they were Hertz or Enterprise.

That’s not right. A mom who lost her husband to Covid and who’s now supporting her family should be allowed to rent his unused car for spare money without having to jump through unnecessary hoops just to compete with Big Rental. It’s not fair to her, or to her riders—all of whom intentionally choose not to rent from Big Rental, presumably for a reason.

For these reasons, NetChoice respectfully asks that the Committee vote **against** HB 2099.

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.*

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<sup>3</sup> *Id.* at 7.