



AMERICANS for TAX REFORM

Grover G. Norquist
President

November 14, 2008

To: All Members of the U.S. Congress

Re: Providing Relief to U.S. Automakers Without Burdening Taxpayers

Dear Member of Congress,

In light of current deliberations to provide some relief to the domestic automobile industry I want to draw your attention to H.R. 2453, the "End Discriminatory State Taxes for Automobile Renters Act of 2007," passage of which would benefit both the rental car and automobile industry directly.

As its name suggests, the "End Discriminatory State Taxes for Automobile Renters Act of 2007" would prohibit the imposition of future discriminatory state and local car rental excise taxes, while grandfathering existing taxes.

Not only do discriminatory car rental excise taxes interfere with Interstate Commerce by targeting out-of-state consumers. According to William Gale (Brookings Institution) and Kim Rueben (Urban Institute), these taxes also place a damper on demand for rental cars, ultimately affecting the number of car purchases negatively. According to industry figures, car rental and car sharing companies purchase more than 1.1 million vehicles annually from Detroit automakers, thus serving as the biggest customers accounting for roughly 17 percent of sales.

These discriminatory car rental excise taxes – which cost consumers billions annually and often fund projects entirely unrelated to the act of renting a car, or even transportation – are blatantly unfair not only to travelers, but also to millions of local citizens in their hometowns. There is no responsible or logical justification for levying this undue and unnecessary burden on the consumer, and now would be the perfect time to address this fact.

Passage of this bill is good policy and politics. We urge you to pass H.R. 2453, which will benefit the domestic automobile industry without throwing more hard-earned taxpayer dollars to prop up Detroit at a time when taxpayers are already stretched beyond their means.

Onward,

Grover G. Norquist