March 27, 2024

The Honorable Faith Winter, Chairwoman
Senate Transportation and Energy Committee
State Capitol Building
200 E Colfax Avenue
Denver, CO 80203

Dear Senator Winter:

On behalf of the National Consumers League, I am writing to express concerns about Senate Bill 184, which would impose a new tax on car rental consumers of up to $3 per day. While the purpose of the tax may be laudable, i.e., to create new rail light line service, NCL does not believe the cost should be borne by consumers who, for many reasons, need to rent automobiles. This would also be the third highest tax on car rentals in the country.

A common misperception about taxes on car rentals is that the overwhelming majority of these taxes are paid by tourists or businesses flush with cash. This is simply not true. The fact is the majority of this new tax will be paid by Colorado consumers, not tourists. Consumers from all corners of the state rent cars for a multitude of reasons:

• Many of these consumers simply can’t afford to own a vehicle, so they rent one on the weekends to do errands, move a family member or visit a parent in another town.
• Many consumers may have had car accidents – or worse, have had their cars stolen – and need a replacement vehicle.
• Many need a larger or newer vehicle to take a vacation they have been saving for.
• Many need a larger vehicle to take a child to college.

In other words, Colorado consumers of modest means are in actuality the most frequent renters of vehicles. NCL has long taken the position that average consumers who rent cars for a variety of important reasons should not have to bear the cost of extraneous taxes for projects, like civic centers, stadiums or in this case, light rail, from which they may not benefit and that have nothing to do with the service they are receiving when they rent a car.

The mission of the National Consumers League (NCL) is to protect and promote social and economic justice for consumers and workers. That is why we have, along with many other consumer and taxpayer advocates, often spoken out on the misconception that taxing car rental consumers is a good policy. We would suggest that the Committee consider amending Senate Bill 184 to lift the financial burden off of consumers who rent cars and spare them of yet another increased cost of what is often a vital service to them.
We appreciate the opportunity to share our views on this legislation. If you or anyone on the committee would like to discuss further, I can be reached at the email below.

Sincerely,

Sally Greenberg
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National Consumers League
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