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**Bipartisan Coalition Calls on Virginia General Assembly to Avoid the Loss of Important Tax Revenue by Requiring Peer-to-Peer Vehicle Rentals to Pay Their Fair Share**

*Richmond, Virginia, January 30, 2020 --* A coalition of bipartisan lawmakers, the Virginia Municipal League, the [American Car Rental Association](https://ddec1-0-en-ctp.trendmicro.com/wis/clicktime/v1/query?url=http%3a%2f%2fwww.acraorg.com%2fabout%2f&umid=db3c9304-5125-4dee-a583-a9ee3c4a0ad7&auth=65a620fa4b6e2edf0405a6ed61dc7465231096cd-6a0a40733305fcd710e427c72bfee24fa28730f0), and Virginia car rental operators are calling on the Virginia General Assembly to “Care Before You Share” in response to a loss in important tax revenue resulting from Peer-to-Peer car rental companies failing to collect Motor Vehicle Rental Tax (MRVT).

“Virginia has experienced a rise in Peer-to-Peer vehicle rental platforms failing to collect MRVT. If we continue to do nothing, the Commonwealth will miss out on collecting over a half million dollars in important tax revenue. **It is unfair to ask the residents of the Commonwealth to subsidize essential services because there are individuals who are opting out of paying their fair share**,” said Michelle Gowdy, Executive Director of the [Virginia Municipal League](https://ddec1-0-en-ctp.trendmicro.com/wis/clicktime/v1/query?url=https%3a%2f%2fwww.vml.org%2forganization%2fabout%2dthe%2dleague%2f&umid=db3c9304-5125-4dee-a583-a9ee3c4a0ad7&auth=65a620fa4b6e2edf0405a6ed61dc7465231096cd-6d7b247095b1539575cc1e6783cd5fefae0ab695).

In the past, customers who rent from a traditional car rental company pay Virginia’s 10% MVRT. Many Peer-to-Peer rental companies, however, have bypassed MVRT by claiming they are not renting vehicles and are only facilitating rentals.

“In reality, renting a vehicle is the same no matter who owns the vehicle. When Peer-to-Peer rental companies fail to collect MVRT taxes from customers they create a tax collection problem,” said Gowdy.

**In Fiscal Year 2019, total tax revenue from the MRVT imposed at a 10% rate was $111,047,462**.  The revenue collected from the MVRT was distributed, as:

o   $46,756,228 to Virginia local governments

o   $23,333,228 to the General Fund for STARS debt service

o   $42,537,359 for Transportation

-       $21,262,666 to Rail Enhancement Fund

-       $10,629,867 to Transportation Trust Fund

-       $9,685,833 to WMATA Capital Fund

-       $958,993 to Highway Construction Fund

To preserve this important revenue stream, the “Care Before You Share” coalition supports [HB 891](https://ddec1-0-en-ctp.trendmicro.com/wis/clicktime/v1/query?url=http%3a%2f%2flis.virginia.gov%2fcgi%2dbin%2flegp604.exe%3f201%2bsum%2bHB891&umid=db3c9304-5125-4dee-a583-a9ee3c4a0ad7&auth=65a620fa4b6e2edf0405a6ed61dc7465231096cd-adf64752f9ef6a27ca6b8620345e0ef1efb29e71)and [HB 892](https://ddec1-0-en-ctp.trendmicro.com/wis/clicktime/v1/query?url=http%3a%2f%2flis.virginia.gov%2fcgi%2dbin%2flegp604.exe%3f201%2bsum%2bHB892&umid=db3c9304-5125-4dee-a583-a9ee3c4a0ad7&auth=65a620fa4b6e2edf0405a6ed61dc7465231096cd-09f85a11634e4a4d9c4d37b9f2430311466adc85)sponsored by Delegate Mark Sickles and [SB749](https://ddec1-0-en-ctp.trendmicro.com/wis/clicktime/v1/query?url=http%3a%2f%2flis.virginia.gov%2fcgi%2dbin%2flegp604.exe%3f201%2bsum%2bSB749&umid=db3c9304-5125-4dee-a583-a9ee3c4a0ad7&auth=65a620fa4b6e2edf0405a6ed61dc7465231096cd-d1f66b3bca1983a68aa6cda1e77e911d45f75032) and [SB750](https://ddec1-0-en-ctp.trendmicro.com/wis/clicktime/v1/query?url=http%3a%2f%2flis.virginia.gov%2fcgi%2dbin%2flegp604.exe%3f201%2bsum%2bSB750&umid=db3c9304-5125-4dee-a583-a9ee3c4a0ad7&auth=65a620fa4b6e2edf0405a6ed61dc7465231096cd-3a7714d7e9fbfb6b0d5cef486c9808d3ac28d1ba) sponsored by Senator John Cosgrove. This proposed bipartisan legislation will clarify that, under existing Virginia law, the platform –  not vehicle owners or “hosts” – is responsible for collecting and remitting all appropriate rental taxes. As a result, all vehicle rentals would be treated the same and taxed at a 10% rate and thereby help fund essentials services for local and state governments.

In contrast, both Senate Bill 735 and House Bill 1539 would instead impose a completely **NEW** tax on Peer-to-Peer car rentals:

o   Senate Bill 735 would impose a **NEW** tax on Peer-to-Peer car rentals at 4%.

o   House Bill 1539 would impose a **NEW** tax on Peer-to-Peer car rentals at 6%.

Because the Department of Taxation has already determined that Peer-to-Peer car rentals are subject to the current MVRT imposed at a 10% rate, **both SB 735 and HB 1539 would result in a state and local revenue loss.**

For example, if Peer-to-Peer car rentals replace 10% of current traditional car rentals, valuable tax revenue would be lost. If nothing is done and Peer-to-Peer platforms fail to collect tax on car rentals, over $11 million would be lost. If this same 10% is taxed under SB 735, $6.7 million would be lost. If this same 10% is taxed under HB 1539, $4.44 million would be lost.

“Care Before Your Share” coalition members are asking the Virginia General Assembly to stop the loss in important tax revenue by governing all consumer transactions, including peer-to-peer vehicle rentals, in a fair and consistent way.

