



March 19, 2024

The Honorable Adam Smith
Chair
House Committee on Taxation
6425 SW 6th Avenue
Topeka, KS

RE: Support HB 2062

Dear Representative Smith and members of the committee:

On behalf of the Chamber of Progress, a tech industry coalition promoting technology's progressive future, I write to urge you to **support HB 2062**, which would discontinue an existing excise tax on rental vehicles and require rental car companies to pay a property tax upon the purchase of a vehicle.

HB 2062 restores Kansas' traditional property tax policy toward rental cars, allowing for more revenue to be directed to the state's small and rural communities. The Kansas Legislative Research Department reports the State receives relatively little direct property tax revenue, but property taxes make up more than half of tax receipts for counties, school districts, cities and townships.¹ By closing the existing tax loophole, HB 2062 will increase state tax revenue, helping to fund critical state needs. This revenue can help fund critical needs in the small and rural communities such as health care, education, housing, economic development, and infrastructure.

HB 2062 would establish more fair and equitable tax laws. The currently imposed rental car excise tax has severe consequences for both residents and the rental car companies in Kansas. A 2010 study conducted by The Brattle Group found that more revenue is generated at neighborhood-based rental car locations than

¹ <https://klrd.org/publications/briefing-book-2021/kansas-property-tax-cycle/>

airport locations.² As a result, excise taxes on car rentals are more likely to be paid by Kansas residents than visitors to the state. Kansas residents face the 15th highest overall tax burden in the country.³ Car rental excise taxes are disproportionately felt by low income and minority households who are more likely to rely on car rentals to travel from one destination to another. Eliminating the excise tax and replacing it with a property tax would help ease the burden on working families.

Many other states have already eliminated excise taxes on car rentals, including Connecticut, Idaho, Georgia and Ohio. We believe this legislation will close an important tax loophole and raise critical revenues. On behalf of consumers and in hopes of encouraging a healthy, competitive rental market, we ask your committee to **support HB 2062**.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ruth Whittaker', with a stylized flourish at the end.

Ruth Whittaker
Director of Civic Innovation Policy

²https://www.brattle.com/wp-content/uploads/2017/10/8201_effects_of_discriminatory_excise_taxes_on_car_rentals_neels_june_10_2010.pdf

³

<https://www.wibw.com/2023/03/28/report-finds-kansans-have-high-tax-burden-still-pay-less-than-those-ne-braska/>