

NetChoice Promoting Convenience, Choice, and Commerce on the Net

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Representative David Steffen, Chair
Committee on Insurance
Wisconsin Assembly

RE: Support for AB 737 - Promoting Competition in Car Sharing Services.

Dear Chair Steffen and members of the committee:

We write to you to express our **support** for AB 737 because it:

- ▶ Creates clear rules of the road for citizens sharing their cars;
- ▶ Lowers costs for citizens to borrow cars; and
- ▶ Encourages innovation.

Today citizens across the state share their cars with neighbors, friends, and earn some extra income. At the same time, Big Rental is not only not meeting demands from consumers but is also enjoying an annual subsidy from Wisconsin citizens of more than \$58 million as of 2020.

AB 737 makes clear that citizens sharing their vehicles is different from Big Rental's business model. This bill makes clear that lawmakers will not pick winners (rental-car companies) and losers (residents who use peer-to-peer car sharing platforms) but will instead foster innovation and competition.

And AB 737 makes it easier for average residents to supplement their incomes and for consumers to find affordable transportation options. In other words, AB 737 helps the very people it seeks to protect, which is especially important in a time of economic uncertainty and suffering.

We therefore respectfully ask that you **advance** AB 737.

1. AB 737 protects promotes competition

Rather than innovate, Big Rental is running the same playbook that has worked well in the past: get the locals to pass laws that benefit its bottom line at the expense of others. Digital newcomers threaten established firms that have spent decades—and untold money—forcing out competition and creating barriers to entry for newcomers. When it succeeds, this behavior results in higher prices for consumers and fewer jobs for your constituents.

Big Rental's fear of car-sharing platforms is not surprising. Indeed, a 2020 survey of rental-car operators revealed that "Competition from peer-to-peer networks (Turo, GetAround)" ranked as one of the top self-reported "threats" in 2020.¹ It's not hard to see why. Peer-to-peer car sharing offers better service and deals than Big Rental does. First, they give consumers better choices, including

¹ Auto Rental News, 2020 Fact Book 15 (2020), <http://digital.autorentalnews.com/factbook2020#&pageSet=6>.

specialty and antique cars. Second, they offer 24/7 roadside assistance. And third, they are more affordable than Big Rental—and they don't come with hidden fees.

2. AB 737 is pro-innovation and therefore pro-consumer

The rise of digital platforms, especially peer-to-peer ones, has threatened incumbents in all industries. This disruptive technology has proven popular with consumers. So much so that incumbents have been caught so off guard that rather than invest in their own research and development, or rather than adapt to changing consumer preferences, they have instead sought to squash innovation and strangle competition.

But AB 737 pushes back on this anti-consumer effort by making clear rules of the road for Wisconsin citizens sharing their vehicles. Give consumers more choice, increasing competition in the marketplace, and empowering your constituents to earn more money.

The peer-to-peer economy helps average Americans supplement their incomes by letting them rent assets they already own. Here, for example, car-sharing platforms let your constituents earn from their own cars, which they can then use to make car payments, pay insurance premiums, or cushion the financial blow from coronavirus.

3. Big Rental companies enjoy multi-billion-dollar subsidies not eligible to your citizens who share their cars

While Big Rental claims that Wisconsin citizens sharing their cars are the same as big rental, they leave out the fact that Big Rental enjoys annual state-level subsidies that earned them nearly \$4.2 billion in 2020 alone.²

When Wisconsin citizens buy a car, they pay taxes. The same is not true for Big Rental. Rather, Big Rental has a special tax carveout that shields them from car sales taxes – constituting of a wealth transfer from **Wisconsin tax payers to Big Rental of \$51 million a year.**

AB 737 is a simple bill that creates clear rules of the road for car-sharing, allowing your citizens to earn some extra income. We ask you to **advance AB 737.**

Thank you for considering our views and please let us know if we can provide further information.

Sincerely,

Carl Szabo
Vice President & General Counsel
NetChoice³

² NetChoice, Big Rental's Rules of the Road: Tax Loopholes & Sneaky Subsidies (Apr. 2020), available at <https://netchoice.org/wp-content/uploads/2020/04/Turo-VLF-v.3.pdf>

³ The views of NetChoice do not necessarily represent the views of each of its members.