



December 9, 2024

The Honorable Kathy Hochul
Governor of New York
New York State Capitol Building
Executive Chambers
Albany, NY 12224

Re: Repeal 20 CRR-NY 532.4(d) – Tax Exemption for Rental Car Companies

Dear Governor Hochul:

On behalf of Chamber of Progress – a tech industry association supporting public policies to build a more inclusive society in which all people benefit from technological advancements. As you prepare your 2025 budget, we know you face a revenue gap due to the revised congestion pricing plan. We believe you can help close that gap and generate \$200 million by repealing **20 CRR-NY 532.4(d)**, which grants an unfair tax exemption to rental car companies.

New York has an opportunity to bridge revenue gaps by closing corporate loopholes

The recent compromise on congestion pricing is a significant step toward modernizing the MTA and protecting public transit. However, because the new plan is projected to generate less revenue than originally anticipated, the state will need to identify alternative revenue sources to fully fund its transportation priorities.¹

One key opportunity lies in closing the rental car tax loophole — a measure that could bring in over \$200 million annually for New York.² Following the lead of states like Oregon, North Dakota, Hawaii, and Georgia, New York can repeal this provision, which will generate significant revenue, establish a fairer tax system, and support vital public services.

Rental car companies should not be exempt from sales taxes

Under New York State Codes, Rules, and Regulations (CRR-NY), rental car companies — a highly profitable, multi-billion-dollar industry — are exempt from paying sales and use

¹ See <https://spectrumlocalnews.com/nys/central-ny/politics/2024/08/02/fiscal-experts--n-y--must-prep-for--difficult--2026-budget>

² See <https://netchoice.org/wp-content/uploads/2020/04/Turo-VLF-v.3.pdf>

taxes under the classification of a “sale for resale.” Rental car companies claim that purchasing fleet vehicles resembles traditional retailers acquiring inventory. However, this comparison is fundamentally flawed. Traditional retailers, such as grocery stores, sell inventory directly to customers, transferring both ownership and possession of the goods. In contrast, rental car companies retain the title and permanent ownership of their vehicles, generating revenue by temporarily leasing them to consumers. As a result, these vehicles do not qualify as inventory in the traditional sense but are long-term revenue-generating assets owned and utilized by rental car companies.

Allowing rental car companies to avoid paying sales and use taxes on fleet purchases effectively subsidizes this already profitable industry, creating an unfair advantage at the expense of New York taxpayers and depriving the state of hundreds of millions of dollars in revenue.

New York can follow other states' lead

States like Oregon, North Dakota, Hawaii, and Georgia have repealed tax exemptions for rental car companies, recognizing them as unfair subsidies that drain public revenue. These states have ensured a fairer tax system while redirecting the recovered funds to essential public services and state initiatives. New York has an opportunity to follow their lead by eliminating this costly loophole and prioritizing fiscal responsibility and fairness for taxpayers.

Additional revenue could be redirected to support programs that directly benefit the people of New York

Closing the rental car tax loophole offers an opportunity to strengthen state revenues without raising prices for hardworking New Yorkers. Revenue gained from repealing this exemption would help the state fund its priority transportation projects and ease future budget pressures. For the sake of New York consumers, taxpayers, and residents, we respectfully urge you to **repeal 20 CRR-NY 532.4(d)** in your 2025 budget.

Sincerely,

A handwritten signature in black ink, appearing to read "Brianna January". The signature is fluid and cursive, with the first name being more prominent.

Brianna January
Director of State & Local Government Relations, Northeast US