

**STATEMENT OF THE AMERICAN CAR RENTAL ASSOCIATION
IN OPPOSITION TO S.B. 184
BEFORE THE CONNECTICUT JOINT COMMITTEE ON TRANSPORTATION
FEBRUARY 26, 2024**

Good morning, Senator Cohen and Representative Lemar and Members of the Connecticut Joint Committee on Transportation. I'm Greg Scott, Government Relations Advisor for the American Car Rental Association. I appear before you today to register ACRA's opposition to S.B. 184, which would prohibit car rental companies from asking an additional driver to present a credit or debit card and limit the recovery for loss of use to one day of rental charges for every four hours of labor incurred to repair the vehicle. Thank you for the opportunity to present ACRA's views on this legislation today.

ACRA is the national association for over 98% of our nation's car rental industry. Our membership is comprised of over 300 car rental companies, including all of the brands you would recognize such as Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Sixt and Thrifty. ACRA members also include many system licensees and franchisees, mid-size, regional and independent car rental companies as well as smaller, "mom & pop" operators. ACRA members have over 1.7 million registered vehicles in service in the United States, with fleets ranging in size from one million cars to ten cars. Chances are – if a car is rented in Connecticut – it is being rented from an ACRA member.

ACRA is opposed to S.B. 184 for several reasons – but primarily because the proposal is contrary to long established and fundamentally sound industry standards, as well as statutory and case law.

First, an additional driver on a car rental contract must be in a position to stand in the place – physically and financially -- of the primary renter in the event the renter's method of payment is rejected or fails. As a result, the identification (driver's license) and financial responsibility proof (credit or debit card) of the additional driver is required to be part of the rental contract.

For example, if Sam Smith rents a car from ABC Car Rental in Hartford, ABC secures that transaction – giving Joe control of a \$30,000 automobile – through a valid driver's license and a credit card. If Joe wants to add his friend Jane Jones as a driver on the rental, then that means that it is possible that Jane at some point will be driving the rental car without Joe being present. Under this bill, if Jane causes a traffic accident and damages the car, or blows through a toll booth without paying, or returns the car reeking of smoke, ABC would have no means of pursuing Jane to pay additional charges for her damage or charges.

And if ABC pursues Joe for Jane's charges, he will object that he had nothing to do with the damage or the smell and refuse to pay for someone else's negligent or bad behavior.

That is just one example of the issues this bill could cause. Another is that this bill would open the flood gates to car thieves who could present themselves as the primary renter at the counter and then cancel the credit card used to secure the rental shortly after leaving the rental lot with the car. The additional driver, who this bill would permit to rent a car without providing any evidence of creditworthiness, could then steal the rental car – leaving the rental company with limited avenues to pursue the additional driver to recover the rental vehicle. As a result, the bill could have the effect of increasing car theft numbers in Connecticut and causing additional burdens on law enforcement agencies. These unintended, but predictable, results will have the potential of increasing costs for rental companies in Connecticut and potentially putting upward pressure on rental prices paid by consumers in the State.

By having an additional driver present a valid form of payment at the time of rental, all of these unintended consequences currently are averted on car rental transactions in Connecticut and will continue to be averted in the future.

As it relates to the limitation on the collection of loss of use, the industry standard is if a renter is involved in an accident during the rental, he or she is responsible for the actual time it takes to have a car repaired and returned to the rental fleet. That damaged car is out of service and can't be rented due to the accident and the car rental company loses income while it is repaired. That is what loss of use compensation is all about.

The bill's provisions with respect to limiting loss of use are arbitrary, supported by no facts or statistics, and may or may not reflect the reality of the time needed to return a damaged car to the rental fleet. The provisions of the bill do not account for situations beyond the control of the rental car company. If a car is towed after an accident, there is time for the tow company and storage yard to contact us, there are delays in shipment and receipt of parts, outside repair facilities can only accommodate a certain number of repairs at a single time.

I seriously doubt that this Committee would consider similar legislation that placed an arbitrary limit on the number of days an insurance company must reimburse an insured person for a rental replacement vehicle after an accident. But that is exactly the type of arbitrary limit this bill seeks to impose on car rental companies.

The bill also strangely exempts so-called peer-to-peer car rental companies from its loss of use restrictions without any explanation or justification. If this Committee adopts this bill, it would place an arbitrary limit on loss of use charges by a car rental company, but permit a

peer-to-peer company to charge a renter for loss of use as long as the peer-to-peer company wanted to do so. Such public policy simply doesn't make legal or consumer protection sense and potentially exposes peer-to-peer renters to abusive loss of use policies by these peer-to-peer car rental companies.

This odd exemption for peer-to-peer companies is even more questionable because a peer-to-peer transaction is nothing more than a car rental transaction facilitated through a mobile application and a third-party internet platform. The peer-to-peer car rental company and the owner of the vehicles listed on that company's app have no justifiable basis to be exempt from the loss of use restrictions advanced by this bill. This provision of the bill likely violates, on its face, the Equal Protection Clause of the 14th Amendment of the United States Constitution.

For these reasons, ACRA urges you to vote no on this bill.

ACRA welcomes the opportunity to present its views to the Committee. If you have any questions on the points raised by ACRA in this testimony, please do not hesitate to contact me at 202-297-5123 or gscott@merevir.com.

Thank you for your consideration of ACRA's views on this important legislation.