

**Statement of the Honorable John Conyers, Jr.  
for the Hearing on H.R. 4175, the “End Discriminatory State  
Taxes for Automobile Renters Act of 2009”  
Before the Subcommittee on Commercial and  
Administrative Law**

**Tuesday, June 15, 2010, at 11:00 a.m.  
2141 Rayburn House Office Building**

Today’s hearing focuses on legislation that would restrict certain types of state taxation policy.

Introduced by my colleague, Representative Rick Boucher, H.R. 4175, the “End Discriminatory State Taxes for Automobile Renters Act of 2009,” would institute a moratorium on new discriminatory taxes on the rental of motor vehicles.

Understandably, many state and local governments are cutting spending programs and imposing new taxes in response to the current economic downturn.

It does appear, however, that oftentimes the taxes imposed on car and truck rentals are not dedicated to replace lost governmental revenues, but to finance new sports stadiums and convention centers.

Although we should be concerned about how the revenues from such taxes are utilized, this Subcommittee should also focus on whether these taxes are discriminatory and whether they impact interstate commerce.

Today's hearing is part of the Subcommittee's on-going concern with respect to how taxes affect interstate commerce.

At a hearing earlier this year the Subcommittee considered how the current economic climate has impacted state and local government revenues.

At a hearing last year, the Subcommittee examined issues presented by a moratorium on discriminatory taxes on wireless services.

As we hear testimony from the witnesses at today's hearing, we should consider the following three points.

**First**, I want to be perfectly clear: I disfavor discriminatory taxes. For example, I have introduced legislation this Congress to prohibit new discriminatory taxes in the video programming industry.

Similarly, I successfully pushed for legislation in the last Congress ensuring that commerce over the Internet would not be singled out for discriminatory tax treatment.

State and local governments together with Congress should be cognizant of the consequences of such tax policies.

For example, state and local discriminatory taxes on the rentals of cars and trucks impact not just consumers and the rental car industry, but also the auto manufacturers in my home state of Michigan that build the cars and the small businesses who rely on tourists who rent the cars during a vacation.

This hearing should serve as a reminder that there are those in Congress, such as myself, who frown upon state and local discriminatory tax policies.

**Second**, notwithstanding our opposition to discriminatory taxes, we must acknowledge how the current economic situation affects state and local governments across the nation.

For that reason, I will examine carefully any proposal, including the focus of today's hearing, that could further negatively impact state and local revenues and the ability of state and local governments to provide essential services to their citizens.

State and local governments depend on tax revenues to support programs, fund education and essential emergency services, and enhance transportation infrastructure.

Many states have laws that require them to balance their budgets. When tax revenues decline, as they continue to do so now in most states because of lower employee payrolls, sales receipts, or property values, state governments must adapt. They must cut funding to programs, or raise taxes.

The current economic environment requires state officials to make tough decisions to spur economic growth while balancing their budgets. We should be aware that state legislators and governors, local councils and mayors, have to decide where to cut spending and how much to raise taxes.

**Third**, we should encourage state and local governments – together with the relevant taxpayers – to work jointly to establish competitively neutral tax policies, while not further limiting state tax authority or revenue. And we should be actively involved in these deliberations.

Competitively neutral tax policies do not burden interstate commerce or consumers. Instead, they serve to provide certainty and fairness as well as foster business development.

I thank Chairman Cohen for holding this hearing and I look forward to receiving the testimony from our witnesses.