

The Virgin Islands Consortium

Bill Looking To Raise Car Rental Tax Tabled In Finance Committee

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ST. CROIX -- The Committee on Finance on Tuesday unanimously tabled a bill that [sought to raise taxes on car rentals](#) by adding what the bill describes as a “community surcharge” of \$3.75, intended to be allocated to the Government Employees’ Retirement System.

“Every person who rents a drive-yourself car in the Virgin Islands, in addition to paying the motor vehicle rental surcharge imposed under section 425, shall pay a \$3.75 per day community surcharge for each rental,” reads an amended version of the bill, found [here](#).

Leaders in the car rental sector descended on the Fritz E. Lawaetz Legislative Hall here, determined to get their point across that the measure would stifle already struggling car rental businesses. Car rental company owners and their representatives said while the measure seems to be aimed at tourists to the territory based on the notion that most vehicles are rented by visitors, locals make up a great portion of their sales -- between 20-40 percent, according to testifiers.

In a letter addressed to Finance Committee Chairman Clifford Graham prior to the hearing, and which was read aloud during testimony on Tuesday, Manuel Gutierrez, owner of Centerline Car Rentals, relayed in detail the harm that the surcharge would do to the sector. He urged that the measure be abandoned altogether; calling it "unjust."

"We have polled every car rental company in the territory and all companies are united in opposition to the proposed bill," Mr. Gutierrez wrote. "We have also polled our staff who are the ones that must face the public and they are aghast and strongly opposed as well. We have polled our industry partners and they are also opposed to this new attack on the tourism industry. We expect that you will hear as much from both the St. Croix and St. Thomas Chambers of Commerce and the St. Croix and St. Thomas Hotel Association. The memory of having to explain the 85% increase in the daily car rental tax just a few years back is still fresh in all of our minds. The backlash was severe. The loss of customers, particularly long term customers, was startling. On St. Croix in particular we cannot sustain yet another shock to our fragile economy. Please do not support this unjust 100% tax increase."

Mr. Gutierrez said that customers were renting smaller vehicles and doing so for less days because of the current \$3.75 surcharge. "Where is the cutoff point of diminished returns for our government coffers or our community as a whole? Taxation without proper consideration is dangerous and counterproductive," he complained.

Those who testified in favor of the measure on behalf of G.E.R.S. included Mapp administration and A.A.R.P. representatives, among others. They spoke words that have been a familiar sound in senators' ears: G.E.R.S. is in dire need of financial assistance; and something must be done immediately to salvage the pension system.

But senators, while agreeing that G.E.R.S. needed to be saved, said taxing the car rental sector was not the right way to achieve that goal. The bill's sponsor, Senator Jean Forde, wound up agreeing with senators and testifiers who came in opposition of the measure, and he promised to make changes. It was held in the committee by a motion from Senator Tregenza Roach.