



ENTERPRISE HOLDINGS



Hertz

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March 18, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue N.W.
Washington, DC 20220

Re: Critical sectors of U.S. economy experiencing severe financial distress due to
COVID-19 outbreak

Dear Secretary Mnuchin:

We are the Chief Executive Officers of America's major car rental and car sharing companies. Along with the 200 firms that comprise the American Car Rental Association (ACRA), we provide key mobility solutions to government agencies, relief agencies, first-responders and other medical personnel, business travelers, leisure travelers, and to others who need the short-term use of a vehicle. We would like an opportunity to communicate directly with you and the Administration on how the COVID-19 pandemic is impacting our industry negatively.

As an industry, in a stable environment, we generate approximately \$30 billion annually in revenue in the United States and our procurements support many suppliers (particularly minority and women-owned small business). Our industry employs 160,000 workers domestically and we have car rental operations at every major and mid-sized airport and city in the country. We purchase approximately 1.75 million new vehicles annually – and for the past two decades, the industry has been responsible for buying 10 percent of all new cars manufactured in the United States.

There has rightly been an enormous amount of attention on the impact of the COVID-19 pandemic on the airlines, cruise ship, and hotel and lodging industries. However, as an integral part of the transportation, travel and hospitality industries, we are very concerned that less attention has been paid to the impact of the virus on the car rental industry. We cannot stress enough that our companies and other ACRA members provide critical transportation support for those who travel, to relief efforts and to those who need mobility solutions. As airlines are compelled to reduce domestic and international routes, we anticipate the rental car industry will sustain grave harm.

Our industry is being hurt tremendously already and there is no sign that this situation will turn around in the near future. By every metric we are in the midst of a crisis:

- Rental reservations at our airport locations are down dramatically;
- Cancellations are at unprecedented levels;
- A considerable part of our vehicle fleet – whether at airports or in neighborhood locations – is idle; and,
- We have a great many excess vehicles in our fleets and yet our lenders understandably expect to be paid on time for those vehicles.

Under the present circumstances, we estimate that our future purchases of motor vehicles may decline – perhaps substantially – and we are beginning to have conversations with the vehicle manufacturers about this.

As policymakers pursue additional action to ameliorate the effects of the pandemic on U.S. businesses, we respectfully ask that the following programs and policies be considered, and that these items below be given the utmost priority given the urgent need to the industry:

- Grants and Loans. We understand that the airline industry has requested grants to provide immediate assistance to compensate for reduced liquidity for 2020 attributable to COVID-19, and a voluntary liquidity facility program pursuant to which the Federal Reserve would purchase financial instruments, including term loans, or provide zero interest unsecured loans or zero interest loan guarantees. We respectfully ask that participation in these programs, or similar programs, be open to all car rental companies.
- Relief from airport Minimum Annual Guarantee (MAG) Payments and Airport Rent Abatement. Airports require our companies to pay them rent and also to enter into minimum guaranteed revenue commitments as a condition of doing business at the airport. In crisis times such as these with reservations severely reduced, temporary relief from these obligations is appropriate. We urge Congress and the President to consider making both temporary MAG relief and rent abatement a condition for federally assisted airports to receive federal funds and that any travel industry relief package make the nation's airports "whole" with respect to MAG payments and concession abatement
- A two-year deferral of tax on ordinary income gains on the disposition of rental cars which were purchased over the last two years due to this crisis. Income tax will be incurred to the full sales proceeds which result from the unexpected, unplanned for and unintended expedited sale of a sizable portion of a company's fleet which was purchased over the last two years. Under the recent full expensing (essentially bonus depreciation) laws, the tax of 100% of the sales proceeds will be extremely sizable and unduly burdensome. A deferment of two years on sales of vehicles purchased during the last two years makes this manageable.

- Payroll Tax Deferment. A temporary deferment of payroll tax obligations (through year-end) for targeted industries/companies would greatly assist in increasing short-term liquidity.

Again, as you consider options for federal assistance, please remember that the United States rental car industry is a full and complete partner with our other colleagues in the travel industry. Our companies, employees and shareholders look forward to working with you to craft meaningful relief.

Sincerely,



Joe Ferraro
Interim Chief Executive Officer
Avis Budget Group, Inc.



Chrissy Taylor
President & Chief Executive Officer
Enterprise Holdings, Inc.



Kathryn V. Marinello
Chief Executive Officer & President
The Hertz Corporation