


W. 10. a.

AGENDA COVER MEMO

AGENDA DATE: First Reading: February 13, 2008
Second Reading/Public Hearing: March 12, 2008
Memorandum Date: February 1, 2008

TO: LANE COUNTY BOARD OF COMMISSIONERS

DEPARTMENT: LANE COUNTY OFFICE OF LEGAL COUNSEL

PRESENTED BY: Teresa J. Wilson, County Counsel 

AGENDA ITEM TITLE: Ordinance 3-08/In the Matter of Amending Chapter 4 of Lane Code to Add Exemption to Car Rental Tax for Carbon Offset Program (LC 4.255)

I. MOTION

First Reading: I move the first reading and setting second reading and public hearing on March 12 at 1:30 p.m. for Ordinance 3-08.

Second Reading/Public Hearing: I move to enact Ordinance 3-08.

II. AGENDA ITEM SUMMARY

The Board is being asked to approve an exemption to the car rental tax for an optional charge of up to \$1.25. This charge would be used for carbon offset programs operated by an entity that is under contract to the car rental agency.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

The Board enacted the car rental tax in 1983. It was originally used to support parks, in order to restore their operation after dramatic budget reductions and park closures in the early 1980. In 1995, the Board changed the distribution formula so that 14% of the funds were directed to the General Fund, in 2000, the General Fund portion was increased to 24%, and in 2007, the funds were fully directed to the General Fund, and other funds (room taxes for eligible park functions) redirected to parks. In 2000 the Board deleted two exemptions, one for temporary vehicle replacement and one for 10plus passenger vehicles.

Enterprise Rent-A-Car has requested the Board enact an exemption from the car rental tax to support a program whereby the customers would purchase an optional carbon dioxide offset. The optional charge would be collected by the car rental company and remitted to a contracted partner to fund projects that remove carbon dioxide from the atmosphere or replace fossil fuel power. (See attached correspondence from Roger Seüferling, Controller, Enterprise Rent-A-Car.)

The proposal was discussed by the Finance and Audit Committee on January 24, 2008. The Committee unanimously recommended the exemption be moved forward to the Board for enactment.

B. Policy Issues

There are two policies at issues here: 1) A general policy of maximizing tax revenue and maintaining the broadest number of taxpayers by minimizing the number of exemptions, and 2) a general policy of minimizing impacts on the environment and encouraging development of programs that address this.

C. Board Goals

This proposal touches on the Board's goals of both maintaining balanced sources of revenue and pursuing entrepreneurial opportunities to encourage an activity that supports a public purpose.

D. Financial and/or Resource Considerations

Based on the initial guidance from the Board, the exemption is capped at \$1.25 per transaction. Given this limit, both County budget staff and the car rental agency estimate this exemption would cost the County in the range of \$125 to \$150 annually in terms of foregone tax revenue.

E. Analysis

The program proposed by Enterprise Rent-A-Car is described by the company as follows:

"Enterprise Rent-A-Car Company has contracted with TerraPass, Inc. to provide renters with an opportunity to purchase an optional carbon offset in conjunction with their rental. The carbon offsets are designed to offset Carbon Dioxide (CO₂) emitted by the renter's rental vehicle. The charge is based on the estimated emissions from the renter's vehicle based on average mileage and fuel economy of the vehicles in the fleet. The charge will be \$1.25 per transaction and will be reviewed and adjusted annually.

This charge is optional and will be separately stated on the customer's rental agreement. One hundred percent of the amount collected will be remitted to the offset partner TerraPass, which will ensure that the money is used to fund projects that remove CO₂ from the atmosphere or that replace fossil fuel power with alternative forms of energy."

The company requested that the Board exempt this optional charge from the car rental tax. The exemption is drafted to capture certain features of the program (optional charge, to be used for a carbon dioxide offset program operated by someone other than the car rental agency, separate statement in the rental agreement, fully remitted to carbon dioxide offset entity) which offer assurance that the customer renting the car understands what is going on, and to ensure that the funds are used as proposed, but also to minimize any auditing costs. The Finance and Audit Committee considered adding additional restrictions, but decided to they did not want to limit the development of this fairly new endeavor, with the understanding that in time, they may wish to review it again.

F. Alternatives/Options

The Board has the choice of taxing the carbon dioxide offset charge or not. Not enacting this Ordinance would exercise the option of taxing it.

IV. TIMING/IMPLEMENTATION

If enacted, the exemption would take effect in 30 days

V. RECOMMENDATION

The Finance and Audit committee recommends enactment of the exemption.

VI. ATTACHMENTS

12/7/07 e-mail from Roger Seuferling to the County Commissioners

From: Seuferling, Roger W [mailto:Roger.W.Seuferling@erac.com]
Sent: Friday, December 07, 2007 10:20 AM
To: DWYER Bill J; FLEENOR Bill A; GREEN Bobby; STEWART Faye H; SORENSON Peter
Cc: Yap, David L; BLACKBURN Kay; Seuferling, Roger W
Subject: Enterprise Rent-A-Car Carbon Offset

Lane County Commissioners,

As directed by Kay Blackburn, I am submitting this request directly to you for consideration.

Enterprise Rent-A-Car Company has contracted with TerraPass, Inc. to provide renters with an opportunity to purchase an optional carbon offset in conjunction with their rental. The carbon offsets are designed to offset Carbon Dioxide (CO₂) emitted by the renter's rental vehicle. The charge is based on the estimated emissions from the renter's vehicle based on average mileage and fuel economy of the vehicles in the fleet. The charge will be \$1.25 per transaction and will be reviewed and adjusted annually.

This charge is optional and will be separately stated on the customer's rental agreement. One hundred percent of the amount collected will be remitted to the offset partner TerraPass, which will ensure that the money is used to fund projects that remove CO₂ from the atmosphere or that replace fossil fuel power with alternative forms of energy.

We would like to request a determination pursuant to the Lane County code regarding the inclusion of this charge in the gross rental fee. This charge is optional, will be separately stated on the contract, should not be considered part of the sales price of the rental, and 100% of collections will be remitted to our offset partner. Based on these facts, **we request that you approve the exclusion of the charge from the gross rental fee for purposes of the motor vehicle rental tax charged to customers.**

In order for you to make an informed decision, I have provided information that should answer any questions that you may have about this endeavor. I don't mean to inundate you with information but do want you to have what you need to make a decision. Please do not hesitate to contact me should you have additional questions.

To learn more about Terrapass, go to <http://www.terrapass.com/>. If you click on "About Terrapass" you'll find good information about them. Once you've clicked "About Terrapass," click "Partners" and you'll a good list of reputable companies that are partnering with Terrapass with Enterprise/Alamo/National at the top of the list.

I can't stress enough that our Corporate team in St. Louis has done their homework and would absolutely not partner with a company unless we were extremely confident in the company's integrity and commitment to corporate citizenship. If we did not do our homework and partnered with a company that did not meet our standards for integrity, it could be damaging to our brand. Our brand is the most valuable thing we own and we will protect it at all cost.

I have attached three documents for you.

- *Environmental Platform Highlights* – This is a quick summary of the Enterprise environmental platform. To learn more, go to [http://aboutus.enterprise.com/what we believe/environmental_platform.asp](http://aboutus.enterprise.com/what_we_believe/environmental_platform.asp).
- *Customer Offset Fact Sheet* – This is a summary of the carbon offset program.
- *Inc Nothing But Green Skies* article – This is the article from the November issue of *Inc.* magazine where our CEO was on the cover. It does a great job of explaining what a carbon

offset is and how Enterprise got into providing them. I found the article to be interesting and informative.

We are excited about this project and the benefits it will have on the environment. We hope that you can support this endeavor by excluding the proceeds from the gross rental fee for purposes of **the motor vehicle rental tax charged to customers.**

To date, Multnomah County and airports in Eugene and Klamath Falls have agreed to exclude the proceeds from gross revenues. I anticipate that by this time next week I will hear back from Medford Airport as Bern Case, Airport Director for Rogue Valley Airport, feels confident that the Jackson County Board of Commissioners will also agree to exclude this from gross revenues.

Please let me know if you have any questions. We would appreciate a decision very soon as the carbon offset option becomes available to our customers January 1.

Roger



Roger Seufferling

Controller
Business Ethics Compliance Director
Oregon Group

503-612-8124 direct
503-692-8820 fax
roger.w.seufferling@erac.com

Enterprise Rent-A-Car
20400 SW Teton
Tualatin, OR 97062
USA
503-692-8400
enterprise.com



Environmental Platform Highlights

- **Most Fuel-Efficient Fleet**
 - Enterprise, Alamo and National represent the world's largest fleet of fuel-efficient vehicles.
 - 440,000 vehicles average at least 28 mpg
 - 237,000 vehicles average at least 32 mpg
 - 264,000 vehicles qualify for the U.S. EPA's Smartway certification mark.
 - 54,000 cars and trucks that have the ability to burn E85
 - 4,000 gas/electric vehicles and trying to get as many as possible from manufacturers
- **Enterprise Rent-A-Car Institute for Renewable Fuels**
 - Works with the Donald Danforth Plant Science Center to develop acceptable and affordable alternatives to fossil fuels.
 - Creation of the Institute made possible by a \$25 million grant from the Taylor family.
- **50 Years... 50 Million Trees**
 - Enterprise Rent-A-Car Foundation will underwrite the planting of 50 million trees... 1 million trees a year over the next 50 years.
 - Total gift of \$50 million in today's dollars.
 - Work in conjunction with The National Arbor Day Foundation and the U.S. Forest Service.
- **Carbon Offset Program**
 - Largest such program in the industry.
 - Begins January 2008.
 - Offers customers the opportunity to benefit the environment by offsetting the carbon dioxide (CO₂) emissions generated by their car rentals.
 - \$1.25 per rental. Cost is based on the average CO₂ emissions generated by our average rental.
 - Enterprise Rent-A-Car will match customer contributions dollar-for-dollar up to a total of \$1 million.



Optional Customer Carbon Offset Program

What is this carbon offset program about?	<p>Enterprise Rent-A-Car, National Car Rental and Alamo Rent A Car customers are being offered the opportunity to benefit the environment by offsetting the carbon dioxide (CO₂) emissions generated by their car rentals.</p> <p>By choosing to pay a small charge per rental, our customers can fund certified offset projects that work to remove CO₂ from the atmosphere. The \$1.25 paid by the customer for the offset will be collected by our company and passed on to TerraPass. None of these funds collected for the offset are kept by our rental car company. We will match these customer contributions dollar-for-dollar up to \$1 million dollars.</p>
How do I offset my rental?	<p>It's easy. Customers can "opt in" and purchase their carbon offsets while booking their reservations through our call-in reservation centers or online at the following Web sites:</p> <ul style="list-style-type: none">• www.enterprise.com (1-800-Rent-A-Car)• www.nationalcar.com (1-800 227-7368)• www.alamo.com (1-800-462-5266)
How much does a carbon offset cost?	<p>Customers can make the average rental "carbon neutral" by adding an additional \$1.25 (plus applicable taxes) to the cost of their total rental. The costs paid for the carbon offsets are not tax-deductible.</p>
How did you determine the carbon offset purchase amount?	<p>Based on the combined Enterprise, National and Alamo car rental fleets, we calculated the average vehicle fuel economy, miles driven per rental, and number of days per rental over the past year. TerraPass used that information to determine the CO₂ impact of the average rental. The \$1.25 offset charge is the cost of offsetting that average per-rental impact. (Total offsets purchased will vary based on factors such as the current market rates for the offsets.)</p>
What does this mean for the environment?	<p>According to TerraPass, for every 100,000 customers who choose to take part in this program, they will offset more than 30 million pounds, or 13,500 metric tons, of CO₂. And the company's dollar-for-dollar match doubles the environmental benefit. In the coming year, we anticipate between 20 million and 25 million customers will have the opportunity to take part in this program.</p>
Who provides the carbon offsets used in this program?	<p>After a lengthy search, we chose TerraPass, a leading consumer retailer and marketer of greenhouse gas reduction offsets. TerraPass funds clean energy and greenhouse gas reduction projects throughout North America and will select the carbon offset projects. Each project is certified by an independent agency. For more detailed information about these projects, visit www.terrapass.com.</p>
Why did you choose TerraPass?	<p>We chose TerraPass because its voluntary carbon offset is based on high standards, sound science and transparency. Its portfolio is built on two guiding principles:</p> <ul style="list-style-type: none">• Matched Maturity – the offsets you buy are tied to reductions that happen in the same year.• Third-Party Verification – all offset purchases through TerraPass are verified by a respected third-party non-profit environmental advocacy group, the Center for Resources Solutions.
When can customers begin making their rentals "carbon neutral?"	<p>We plan to launch the program in January 2008.</p>

Inc.

For Single Print Only

The Handbook of the American Entrepreneur

November 2007

NOTHING BUT GREEN SKIES

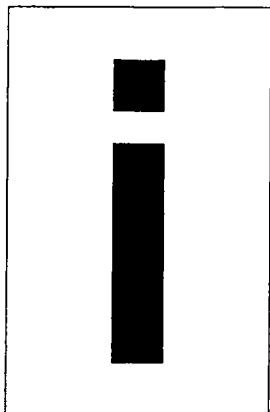
THE GREENING OF EVERYTHING

Sustainability isn't just about venture-backed tech firms and big manufacturers. In this, Inc.'s Second Annual Eco-Advantage issue, we look at how green business practices are transforming the stuff of everyday life.

Including the world's greenest:
RENTAL CAR COMPANY

SURVIVOR "We are not a not-for-profit," says Andy Taylor. "What we're doing, we're doing for the long-term sustainability of our business."

Enterprise Rent-A-Car is one of the nation's top family-owned businesses, a \$12 billion behemoth that dominates its industry. But CEO Andy Taylor feared it all could vanish in a puff of CO2. It was time to get greener. And quick **BY ALISON STEIN WELLNER**



IT IS A LATE afternoon in September at the world headquarters of Enterprise Rent-A-Car, in Clayton, Missouri, a suburb of St. Louis. For several hours, the company's senior executives have been filing

in and out of the largest conference room—the one with the massive dark wood table and plush leather chairs that's reserved for truly important events—to quiz two visitors from a little San Francisco company called TerraPass. Through the wall-sized window, the assembled can see that drive time has just begun on Forest Park Parkway—traffic is moving but growing more congested. Enterprise owns 1.1 million vehicles, the largest fleet of rental cars in the world, and there's a good chance that more than a few of them are contributing to the gathering mess outside. Indeed, that's why the leaders of Enterprise, with 65,000 employees and about 6,000 offices nationwide, are meeting with TerraPass, a 14-employee San Francisco-based upstart that specializes in carbon offsets, a newfangled tool that lets eco-conscious consumers fund green energy projects to compensate for polluting behavior, like flying an airplane, heating a home—or driving a car.

Enterprise has been toying with the idea of offering carbon offsets for a couple of years. Now, with all of its questions answered, the decision has been made. Pat Farrell, the company's vice president of corporate communications (and soon to be the vice president of corporate responsibility) pulls his chair next to Alicia Seiger, vice president of business development at TerraPass. They uncap their pens. As they sign on the dotted lines, a beaming Tom Arnold, TerraPass's chief environmental officer, takes out his BlackBerry to snap a picture, which he promptly e-mails back to his office. "I have to share this with my team," he says.

The event is historic for both organizations. Enterprise has just agreed to a program that will enable its retail customers to offset the pollution created by their rentals—a program that promises to render the use of even a gigantic Cadillac Escalade (which weighs more than 5,000 pounds and gets 14 miles per gallon) "carbon neutral." What's more, in an unprecedented move, Enterprise will match its customers' offset purchases dollar for dollar (up to \$1 million). When the program kicks off on January 1, 2008, it will make Enterprise the first major rental car company to offer a car-

bon offset option in the United States. (Avis offers it in the far smaller European market.) TerraPass, for its part, has just landed one of its largest clients. If it succeeds, the program promises to enlist millions of drivers and offset millions of pounds of carbon-dioxide emissions—as well as catapult a car-rental company, of all things, to the top ranks of eco-conscious companies.

THE IRONY, OF COURSE, IS RICH. But Enterprise is no stranger to rewriting the rules. Most rental car companies, for example, do the bulk of their business at the airport, renting vehicles to travelers. Enterprise has grown by opening branches in cities and suburbs, mostly serving those who need a rental while their own cars are in the shop. The strategy took the industry by surprise and sent Enterprise's fortunes soaring. The company was founded by Jack Taylor with just seven vehicles in 1957. By the time his son Andy Taylor took over as the second CEO in 1991, Enterprise had about 100,000 vehicles and revenue nearing \$1 billion. Since then, the company, which remains private and 100 percent owned by the Taylor family, has grown at an even more rapid pace: In 2007, just in time for its 50th birthday, Enterprise's fleet size passed the one million mark and revenue will hit \$12 billion. In August 2007, the company purchased rivals Alamo and National. It now has an office within 15 miles of 90 percent of the U.S. population.

Yet several years ago, when Andy Taylor began thinking about what his company might look like 50 years down the

road, he was nervous. In fact, it wasn't at all clear to him whether there would be much of a company at all.

For Enterprise to thrive, it needs cars on the road—lots of them. It also needs lots of fuel, readily available and at affordable prices. And most of all, it needs the act of driving a car itself to remain noncontroversial and socially acceptable. In a car culture like ours, it's hard to imagine that driving could become *outré*. But there's precedent for massive and unexpected social and economic shifts that upend entire industries. (Cigarette, anyone?)

These days, any company involved with automobiles and fossil fuels is vulnerable. Several states, including New York and Vermont, have imposed tough new emission regulations, sparking lawsuits by automakers; California recently sought billions of dollars in compensation for environmental damages already sustained. Consumers, meanwhile, are increasingly concerned about global warming. According to a January study by the Pew Research Center, more than three-quarters of Americans believe there's solid evidence that the earth is warming, up seven percentage points from June 2006. The share that believes human activity—like burning fossil fuels—is to

blame increased to 47 percent from 41 percent over the same period.

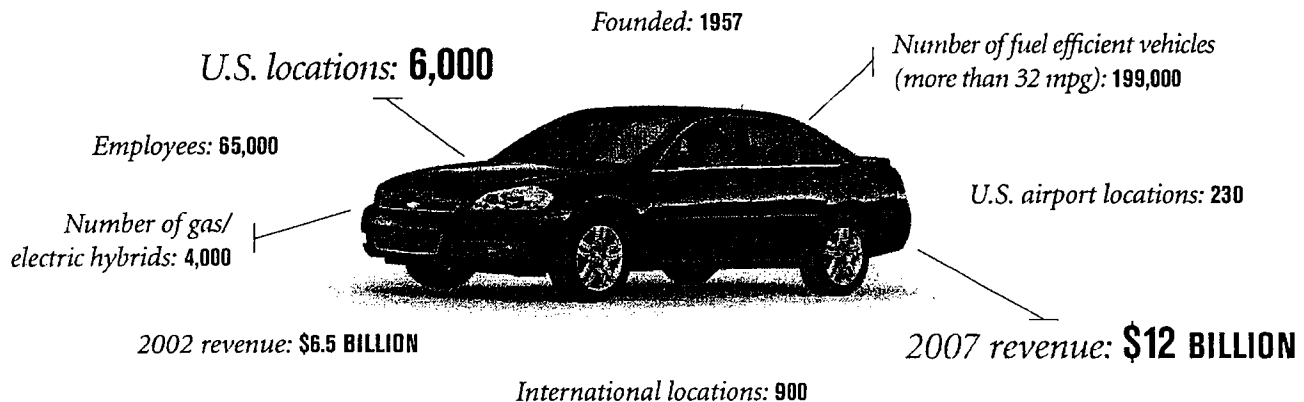
The rental car industry has not had its moment in the great green glare of shame, but it's hard not to notice that Enterprise, as the owner of the world's largest fleet, would make a nice juicy target. The company, Taylor believes, needs to get out in front of the issue. So over the past two years, Enterprise has been piecing together an ambitious, multipronged environmental strategy. Under the offset program, as many as 20 million customers will have the option to purchase an offset when they make reservations online or over the phone. (The offer also will be available to National and Alamo customers.) Enterprise also has pledged to plant a million trees a year, purchase more cars that run on ethanol and other alternative fuels, and print its corporate magazine on recycled paper. If such programs are embraced by consumers, the company intends to add more. "I don't want to give you the impression that we're just about doing really good things," says Taylor. "We are not

est in the environment. In 2002, Jack Taylor gave \$30 million to the Missouri Botanical Garden to catalog and preserve plants all over the world and was looking for other ways to have an impact. "My father is 85, and although he is in good health, he is always thinking about his legacy," says Andy Taylor, who speaks with his father every day. So when the senior staff met with the younger Taylor to discuss plans for marking the company's 50th anniversary in 2007, a focus on the environment seemed to be in the air.

Farrell and Miller had been researching the subject and soon came across the idea of carbon offsets. Offsets had grown increasingly popular among individual eco-conscious consumers, but aside from explicitly socially conscious companies like Stonyfield Farm and Whole Foods, few corporations had embraced them. But to Farrell and Miller, the appeal was obvious. With offsets, Enterprise could let customers mitigate the emissions created by their rentals—without requiring them to change their behavior in any

ENTERPRISE AT A GLANCE

Enterprise has the world's largest fleet of rental cars (1.1 million), as well as the largest number of fuel efficient or hybrid vehicles. Here are some other facts about the company:



a not-for-profit. What we're doing, we're doing for the long-term sustainability of our business."

ENTERPRISE'S GREEN EFFORTS have their origins in a pair of events that were unrelated to each other and only tangentially related to the environment. In 2000, Enterprise was served with a class action discrimination lawsuit, brought by a group of African American employees. Two years later, the company settled for \$2.3 million, admitting no wrongdoing. Still, Taylor decided that it was time to institute a new era of corporate responsibility at the company. He created a new executive position, vice president of corporate responsibility, and asked a longtime employee named Mark Miller to figure out what approach Enterprise should take. He asked Pat Farrell to work with Miller, and all three agreed that no initiative would be complete without a focus on the environment.

As it happens, Taylor's father had recently taken a serious inter-

other way. (See "Going Carbon Neutral," page 119.) Of course, that very fact has drawn intense criticism from some in the environmental movement, who argue that offsets are a guilt-relief mechanism for polluters, rather like an indulgence sold at one time by the Catholic Church to absolve someone of sin. Offsets, critics say, do nothing to actually change polluting behavior.

But dealing with prickly environmentalists wasn't the only problem. For one thing, offsets could be a tough sell. When Farrell broached the subject with people he'd run into casually in the hallway, he got a lot of blank looks. Would consumers even get it? And speaking of consumers, was it really such a great idea to remind customers that they were engaging in a carbon emitting, global warming act when they rented a car? Who would administer the program? The offset market was fairly new, with few established players. But the biggest issue was this: An offset would be something additional that customers could purchase and add on to their rental, like a ski

rack or a GPS. It wouldn't be something that Enterprise would pay for directly. Farrell worried that this would look like Enterprise was asking its customers to pay for the company's environmental impact. "I didn't want it to look like we were waiting for our consumers to simply write a check for us," Farrell says. Enterprise wanted to do something about its gas-guzzling, polluting fleet of vehicles. Figuring out what, however, was proving more difficult than anticipated.

ENTERPRISE DECIDED TO PUT the offset program on hold and shifted its attention to other projects, most notably fleet efficiency. The company already had 3,000 hybrids on the road. Matt Darrah, senior vice president of North American operations and the man responsible for the company's relationships with auto manufacturers, let his contacts know that Enterprise wanted to do more. The company, he said, would be willing to try any vehicle with a new, fuel-efficient alternative technology. Because many people treat a car rental as a kind of extended test drive for their next vehicle purchase, this could be a way for manufacturers to get new technology out in front of potential buyers. In 2006, Enterprise made its first significant purchase: 41,000 flex-fuel vehicles, most of them from General Motors, that can burn either gasoline or ethanol. The cars were placed at branches located near filling stations that sold ethanol. Enterprise created in-car marketing materials, with maps showing the location of the gas stations, and trained staffers to encourage renters to fill the tanks with ethanol instead of regular gasoline. "We'll do the same for hydrogen, fuel cells, whatever comes next," says Darrah.

Environmental behavior was taking hold at Enterprise in other ways, as well. In 2006, for example, the Arbor Day Foundation, which works with the U.S. Forest Service, came calling, asking for a donation. With Enterprise's 50th anniversary less than a year away, Andy Taylor, a big believer in public-nonprofit-private alliances, committed Enterprise to contributing \$50 million to planting 50 million trees over the next 50 years. Separately, the Taylor family contributed \$25 million to the Donald Danforth Plant Science Center in St. Louis to create the Enterprise Rent-A-Car Institute for Renewable Fuels, with the mission of finding new plant-based fuels.

Meanwhile, out in Los Angeles, Greg Stubblefield, head of Enterprise's operations in California and Hawaii (he now runs the National and Alamo divisions), received an intriguing phone call from a tiny outfit called TerraPass, which wanted to talk about something called carbon offsets. Stubblefield was always receptive to hearing about environmental initiatives, as the California market is particularly sensitive to the subject. Back in St. Louis, as it happened, Farrell was taking another look at offsets. Barely a year had passed since he'd tabled the idea, but the concept was making a big splash. Al Gore's *An Inconvenient Truth* had hit the screens

and the media was buzzing; even artists like the Rolling Stones and Coldplay had begun using offsets to neutralize their carbon emissions. Farrell was researching potential vendors and TerraPass kept coming up. He called Stubblefield and asked him to check it out.

Stubblefield went to San Francisco and was intrigued by what he learned. Founded by a group of Wharton School grads in 2004, TerraPass had created a way to calculate the amount of carbon emissions consumers generate when they drive, fly, or heat or cool their homes, and how much investment in green power it would take to neutralize those emissions. The company figures that it takes \$9.95 to offset 2,500 pounds of carbon dioxide, roughly what an airline passenger is responsible for on a 6,000-mile flight. The company works with three types of green energy projects: wind farms, "cow power" (in which methane is harvested from cow manure and used to power generators that feed electricity back into the grid), and capturing landfill emissions. Like most people, Stubblefield was especially tickled by the cow manure solution. As soon as he heard about it, he rang

Farrell up to give him an earful on biomass. Stubblefield also approved a small project. Enterprise had a vanpool business in California. TerraPass offered to provide free carbon offsets to existing vanpools and sell them to drivers as new vanpools formed. "We wanted to demonstrate that we could work together before we did anything more adventurous," says TerraPass's Tom Arnold.

Stubblefield was excited by the TerraPass deal and wanted to go further. He suggested a pilot project, offering offsets to renters in California. But when Farrell checked with the company's IT staff, he learned that creating the infrastructure to handle the carbon offset logistics for a market the size of California was a huge project. From an IT standpoint, the company might as well go nationwide from the get-go.

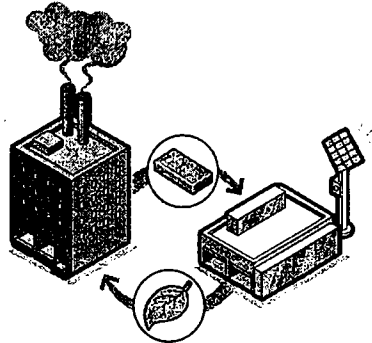
Were consumers ready for something so ambitious? The company surveyed consumers and was surprised by the response. Not only were consumers aware of carbon offsets, 45 percent said they were either "a little" or "a lot" more likely to rent from a company that offered them. "It moved the needle," says Holly Campbell, a vice president of marketing. TerraPass, for its part, had been trying to determine the best way to structure the program. Rather than calculating the cost of each individual rental, the company looked at Enterprise's total emissions from the previous year and figured out it could offset that amount by charging customers about \$1 extra per rental. Thirty-six percent of consumers, as it happened, said they'd be "very likely" to pay \$1 for a carbon offset. It seemed that this program would not alienate renters. In fact, it might enhance Enterprise's brand.

ON MAY 19TH, 2007, Farrell formally presented the idea to the Taylor family. He received a preliminary nod. But the plan still had to be

Not only were consumers aware of carbon offsets, 45 percent said they were either "a little" or "a lot" more likely to rent from a company that offered them.

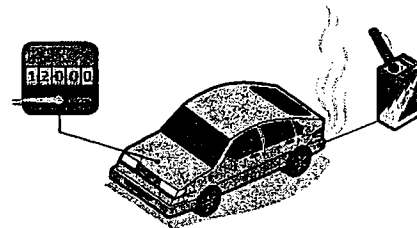
GOING CARBON NEUTRAL

Carbon offset programs let you clean up the environment—even as you continue to pollute it. It seems too good to be true and many are skeptical. But there is a logic to offsets. Here's how they work:



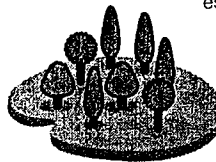
Offsets have their origins in emissions trading programs, in which companies that produce high levels of greenhouse gases (usually large manufacturers) purchase credits from businesses that have lowered their emissions below a certain threshold. The polluting credits are traded on the Chicago Climate Exchange. It's kind of like paying someone to diet for you: At least someone is losing weight. And the overall amount of CO₂ is capped.

More recently, individuals and small businesses are using offsets to "neutralize" the pollution they create when doing things like driving, flying, or heating or cooling their offices and homes. Offset providers have figured out how to put a price tag on your polluting behavior.

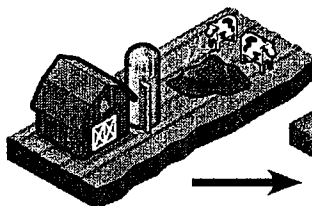


Say you own a 2001 Saab 9-3 and drive 12,000 miles a year (the U.S. average). Given your car's fuel efficiency, you're using nearly 500 gallons of gas a year and sending 9,586 pounds of carbon dioxide into the atmosphere. Feeling guilty? TerraPass estimates that it takes \$49.95 to offset 10,000 pounds of CO₂.

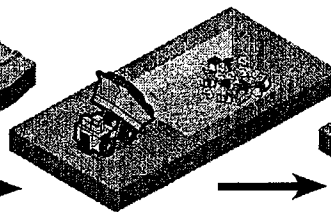
You write a check, the money is put into an environmental project, and your personal CO₂ emissions are "neutralized." Some offset providers use the funds to plant trees. The idea is that they will help remove carbon from the atmosphere once they mature. This approach has drawn criticism, since the carbon offsetting won't happen for many years.



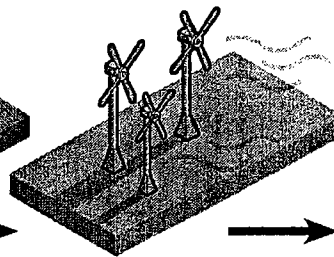
Other providers think more like venture capitalists, using the offset funds to help finance alternative energy projects that are promising but have trouble attracting investors. TerraPass, for example, supports three broad categories of projects.



Cow power
Farm-based technology that gathers methane from cow manure and converts it into electricity



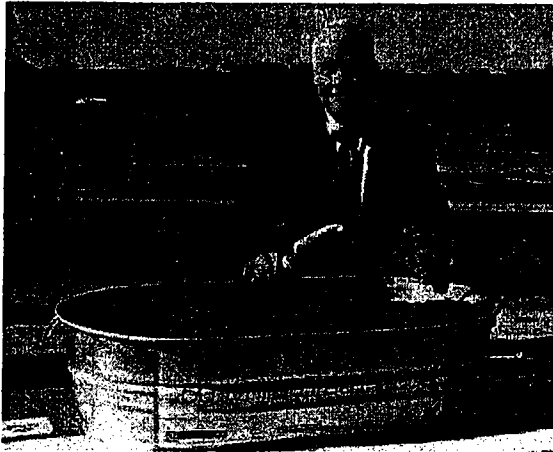
Landfills
Projects that capture and burn the methane produced by putrefying garbage



Wind
Offsets are used to purchase electricity from, and finance the development of, wind-power projects.



Powering the grid
Power generated by the farm and wind projects goes directly into the power grid, bringing green power to millions.



GREEN THUMB To celebrate Enterprise's 50th birthday, Taylor pledged \$50 million to plant 50 million trees over the next 50 years.

10 Questions for Andy Taylor

What's your favorite part of a typical day? *When I'm talking to customers and employees.*

What's the least glamorous thing you do regularly in the line of duty? *I shine my shoes myself at least two to three times a week.*

What skill would you most like to improve? *Patience. There's an expression around here called Taylor Time. If you have an appointment with me, you better be 10 minutes early.*

What makes for a good salesperson of your product? *The people who are the most successful are the ones who listen most closely to the customer. We follow the two ears, one mouth rule here.*

If you could go back in time and do one thing differently in your business, what would it be? *In 1996, we implemented a system to measure customer service. I wish we had done it earlier.*

What part of your job would you gladly give up? *The things that others can do better than me.*

What's the simplest thing you never learned to do? *Golf. I imagine some people would say that it's not very simple, but I don't know any better.*

Who's the smartest person you know? Why? *My father, Jack Taylor, because he was a true entrepreneur, with great values, who listened to his customers and his employees and got this business off the launch pad.*

Who gives you the best advice about your business? *I have to give the nod to my father again. He's been asking the same questions about our business for 50 years: Are our customers satisfied? Are our employees having fun? Are we doing things the right way?*

What keeps you up at night? *I must tell you that I sleep very well.*

approved by Pam Nicholson, the company's COO. He scheduled a meeting. "It sounded interesting to me," says Nicholson. But she was worried. Enterprise likes to boast that it can get a customer into a car in seven to 10 minutes. Would an offset program "fit into the process of how we do business?" Nicholson wondered. Would it overwhelm customers when what they really want is to be on their way? Nicholson presented Farrell with other concerns, as well. How would the options be woven into the rental contract? Could IT handle it? Was there a clear, concise marketing plan? "Every box had to be checked or we couldn't do it," she says.

Nicholson and Farrell decided to start slowly, making the offset option available only to customers who book their rentals themselves, either through the company's national reservation center via an 800 phone number, or through the company's website. The move will reduce the number of rentals that would have a carbon offset available, and hence the program's scope, since

rentals that go through the reservation center or the website account for just one-third of the company's total business. (The rest are paid for by a third party, either a corporate partner or an insurance company paying for a rental while a car is being repaired.)

By August, Farrell had addressed all of Nicholson's concerns and brought the completed idea back to Andy Taylor. Taylor called up his sister Jo Ann, who runs the family's foundation, and they chatted about the program. He was troubled by the idea that offsets were something that customers would be paying for and concerned, he says, that it would seem "like we were just doing this for commercial reasons." Jo Ann's answer: Get the company to match the carbon offsets, up to \$1 million, roughly the number of cars in Enterprise's fleet. Soon thereafter, the first contracts between TerraPass and Enterprise were signed.

The launch is set for January 1, 2008. As far as what it means for the environment, a back-of-the-envelope calculation shows that if just 100,000 customers purchase a TerraPass they will offset 12 million pounds of carbon dioxide in the atmosphere (24 million pounds, if you factor in Enterprise's match). That's the equivalent of taking about 2,000 Toyota Corollas off the road. There are lots of uncertainties. The company is still figuring out which green energy projects it will support. How many customers actually will purchase the offset? Will Enterprise receive criticism for making this available to only a third of its customers? "Our commitment is for one year," says Taylor. "We will then step back and see what our customers are saying about it. They may not want it, or we may have to step it up." In the meantime, Taylor is continuing to push his team to bring him more and different programs relating to the environment. "There's not going to be one magic bullet" that will keep cars on the road, fuel affordable, and driving socially acceptable, Taylor says. The important thing is that the company is on top of the problem. "For us, the argument over whether global warming is a problem or not is over," says Taylor. "This is a very daunting challenge that we are facing." ■

Alison Stein Wellner is an Inc. contributing editor.

IN THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON

ORDINANCE NO. 3-08

IN THE MATTER OF AMENDING CHAPTER 4 OF
LANE CODE TO ADD EXEMPTION TO CAR
RENTAL TAX FOR CARBON DIOXIDE OFFSET
PROGRAM (LC 4.255)

The Board of County Commissioners of Lane County ordains as follows:

Chapter 4 of Lane Code is hereby amended by substituting the following page:

REMOVE THIS SECTION

4.255

as located on page 4-16 through 4-17
(a total of 2 pages)

INSERT THIS SECTION

4.255

as located on page 4-16 through 4-17
(a total of 2 pages)

Said page is attached hereto and incorporated herein by reference. The purpose of this substitution is to amend Lane Code Chapter 4 to add an exemption to the car rental tax for carbon dioxide offset programs. (LC 4.255)

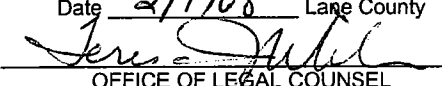
ENACTED this _____ day of _____ 2008.

Chair, Board of County Commissioners

Recording Secretary for this Meeting of the Board

APPROVED AS TO FORM

Date 2/1/08 Lane County


OFFICE OF LEGAL COUNSEL

4.240 Lien.

The tax imposed by this subchapter, together with the interest and penalties herein provided, the filing fees paid to the County Clerk of Lane County, Oregon, and advertising costs, which may be incurred when same become delinquent as set forth in this subchapter, shall be and, until paid, remain a lien from the date of its recording with the County Clerk of Lane County, Oregon, and superior to all subsequent recorded liens on all tangible personal property used in the commercial establishment of an operator within the County and may be foreclosed on and sold as may be necessary to discharge said lien as recorded with the County Clerk of Lane County, Oregon. Notice of lien may be issued by the County Finance Officer or his or her deputy whenever the operator is in default in the payment of said tax, interest and penalty and shall be recorded with the County Clerk of Lane County, Oregon and a copy sent to the delinquent operator. The personal property subject to such lien seized by any deputy or employee of the County Finance Officer may be sold by the Department seizing the same at public auction after 10 days notice which shall mean one publication in a newspaper of general circulation published within the County.

Any lien for taxes as shown on the records of the proper County official shall, upon the payment of all taxes, penalties, and interest thereon, be released by the County Finance Officer when the full amount determined to be due has been paid to the County and the operator or person making such payment shall receive a receipt therefore stating that the full amount of taxes, penalties and interest thereon have been paid and that the lien is thereby released and the record of lien is satisfied. *(Revised by Ordinance No. 5-83, Effective 7.15.83)*

4.245 Refunds.

Whenever the amount of any tax, penalty, or interest has been paid more than once or has been erroneously or illegally collected or received by the County Finance Officer under this subchapter, it may be refunded, provided a verified claim in writing therefore, stating the specific reason upon which the claim is founded, is filed with the County Finance Officer within three years from the date of payment. The claim shall be made on forms provided by the County Finance Officer. If the claim is approved by the County Finance Officer, the excess amount collected or paid may be refunded or may be credited on any amounts then due and payable from the operator from whom it was collected or by whom paid and the balance may be refunded to such operator, his or her administrators, executors or assignees. All refunds shall be charged to the dedicated funds set forth in LC 4.250 below. *(Revised by Ordinance No. 5-83, Effective 7.15.83)*

4.250 Use of Tax by County.

Unless otherwise directed by the Board through the budget process, after payment of appropriate administrative expense, the taxes collected under this subchapter shall go into the County general fund, except that the portion of taxes attributable to gasoline sales shall be subject to the limitations on use prescribed by the Constitution and laws of Oregon. *(Revised by Ordinance No. 5-95, Effective 4.28.95; 8-95, 6.2.95; 9-97, 7.11.97; 3-00, 6.10.00; 5-07, 6.29.07)*

4.255 Exemption.

The tax imposed by this subchapter shall not be applicable to:

- (1) A rental fee which Oregon or federal law exempts from the tax.
- (2) A travel trailer, camper or motor home, as defined in ORS 366.512, whose registration fee is allocated to counties pursuant to ORS 390.134(4).

(3) Up to \$1.25 of any optional charge agreed to by the customer to be used for a carbon dioxide offset program operated by an entity other than commercial establishment renting the motor vehicle. The optional charge must be separately stated in the rental agreement, and fully transmitted to the carbon dioxide offset entity. *(Revised by Ordinance No. 8-95, Effective 6.2.95; 3-00, 6.10.00)*

4.260 Registration Required Form and Contents; Execution, Certification of Authority.

Every person engaging or about to engage in business as an operator of a commercial establishment transacting business in Lane County shall register with the County Finance Officer on a form provided. Persons operating commercial establishments at the time this subchapter is adopted must register not later than 30 calendar days after the effective date of this subchapter. Persons starting commercial establishments after this subchapter is adopted must register within 15 calendar days after commencing business. The privilege of registration after the date of imposition of such tax shall not relieve any person from the obligation of payment or collection of tax regardless of registration. Registration shall set forth the name under which an operator transacts or intends to transact business, the location of the place or places of business and such other information to facilitate the collection of the tax as the County Finance Officer may require. The registration shall be signed by the operator. The County Finance Officer shall, within 10 days after registration, issue without charge a certificate of authority to each registrant to collect the tax, together with a duplicate thereof for each additional place of business of each registrant. Certificates shall be non-assignable and nontransferable and shall be surrendered immediately to the County Finance Officer upon the cessation of business at the location named or upon its sale or transfer. Each certificate and duplicate shall state the place of business to which it is applicable and shall be prominently displayed therein so as to be seen and come to the notice readily of all persons seeking to do business therein. Said certificate shall, among other things, state the following:

- (1) The name of the operator;
- (2) The address of the commercial establishment;
- (3) The date upon which the certificate was issued;
- (4) "This Car Rental Registration Certificate signifies that the person named

on the face hereof has fulfilled the requirements of the Lane County Car Rental Tax by registration with the County Finance Officer for the purpose of collecting the car rental tax imposed by Lane County and remitting said tax to the County Finance Officer. This certificate does not authorize any person to conduct any unlawful business or to conduct any lawful business in an unlawful manner, or to operate a commercial establishment without strictly complying with all local applicable laws. This certificate does not constitute a permit." *(Revised by Ordinance No. 5-83, Effective 7.15.83; 2-87, 7.8.87)*

4.265 County Finance Officer Rules.

The County Finance Officer is hereby authorized to establish such rules and procedures for the implementation and enforcement of this subchapter, consistent with its provisions, as the County Finance Officer considers necessary and appropriate. *(Revised by Ordinance No. 5-83, Effective 7.15.83)*

At right margin indicates changes
Bold indicates material being added
~~Strikethrough~~ indicates material being deleted

**LEGISLATIVE
FORMAT**

~~4.2404.2604.260~~

Lane Code

~~4.255-4.265-4.265~~

4.240 Lien.

The tax imposed by this subchapter, together with the interest and penalties herein provided, the filing fees paid to the County Clerk of Lane County, Oregon, and advertising costs, which may be incurred when same become delinquent as set forth in this subchapter, shall be and, until paid, remain a lien from the date of its recording with the County Clerk of Lane County, Oregon, and superior to all subsequent recorded liens on all tangible personal property used in the commercial establishment of an operator within the County and may be foreclosed on and sold as may be necessary to discharge said lien as recorded with the County Clerk of Lane County, Oregon. Notice of lien may be issued by the County Finance Officer or his or her deputy whenever the operator is in default in the payment of said tax, interest and penalty and shall be recorded with the County Clerk of Lane County, Oregon and a copy sent to the delinquent operator. The personal property subject to such lien seized by any deputy or employee of the County Finance Officer may be sold by the Department seizing the same at public auction after 10 days notice which shall mean one publication in a newspaper of general circulation published within the County.

Any lien for taxes as shown on the records of the proper County official shall, upon the payment of all taxes, penalties, and interest thereon, be released by the County Finance Officer when the full amount determined to be due has been paid to the County and the operator or person making such payment shall receive a receipt therefore stating that the full amount of taxes, penalties and interest thereon have been paid and that the lien is thereby released and the record of lien is satisfied. *(Revised by Ordinance No. 5-83, Effective 7.15.83)*

4.245 Refunds.

Whenever the amount of any tax, penalty, or interest has been paid more than once or has been erroneously or illegally collected or received by the County Finance Officer under this subchapter, it may be refunded, provided a verified claim in writing therefore, stating the specific reason upon which the claim is founded, is filed with the County Finance Officer within three years from the date of payment. The claim shall be made on forms provided by the County Finance Officer. If the claim is approved by the County Finance Officer, the excess amount collected or paid may be refunded or may be credited on any amounts then due and payable from the operator from whom it was collected or by whom paid and the balance may be refunded to such operator, his or her administrators, executors or assignees. All refunds shall be charged to the dedicated funds set forth in LC 4.250 below. *(Revised by Ordinance No. 5-83, Effective 7.15.83)*

4.250 Use of Tax by County.

Unless otherwise directed by the Board through the budget process, after payment of appropriate administrative expense, the taxes collected under this subchapter shall go into the County general fund, except that the portion of taxes attributable to gasoline sales shall be subject to the limitations on use prescribed by the Constitution and laws of Oregon. *(Revised by Ordinance No. 5-95, Effective 4.28.95; 8-95, 6.2.95; 9-97, 7.11.97; 3-00, 6.10.00; 5-07, 6.29.07)*

4.255 Exemption.

The tax imposed by this subchapter shall not be applicable to:

- (1) A rental fee which Oregon or federal law exempts from the tax.

At right margin indicates changes
Bold indicates material being added
~~Strikethrough~~ indicates material being deleted

**LEGISLATIVE
FORMAT**

~~4.2604.2604.260~~

Lane Code

~~4.265-4.265-4.265~~

(2) A travel trailer, camper or motor home, as defined in ORS 366.512, whose registration fee is allocated to counties pursuant to ORS 390.134(4).

(3) Up to \$1.25 of any optional charge agreed to by the customer to be used for a carbon dioxide offset program operated by an entity other than the commercial establishment renting the motor vehicle. The optional charge must be separately stated in the rental agreement, and fully transmitted to the carbon dioxide offset entity. *(Revised by Ordinance No.8-95, Effective 6.2.95; 3-00, 6.10.00)*

4.260 Registration Required Form and Contents; Execution, Certification of Authority.

Every person engaging or about to engage in business as an operator of a commercial establishment transacting business in Lane County shall register with the County Finance Officer on a form provided. Persons operating commercial establishments at the time this subchapter is adopted must register not later than 30 calendar days after the effective date of this subchapter. Persons starting commercial establishments after this subchapter is adopted must register within 15 calendar days after commencing business. The privilege of registration after the date of imposition of such tax shall not relieve any person from the obligation of payment or collection of tax regardless of registration. Registration shall set forth the name under which an operator transacts or intends to transact business, the location of the place or places of business and such other information to facilitate the collection of the tax as the County Finance Officer may require. The registration shall be signed by the operator. The County Finance Officer shall, within 10 days after registration, issue without charge a certificate of authority to each registrant to collect the tax, together with a duplicate thereof for each additional place of business of each registrant. Certificates shall be non-assignable and nontransferable and shall be surrendered immediately to the County Finance Officer upon the cessation of business at the location named or upon its sale or transfer. Each certificate and duplicate shall state the place of business to which it is applicable and shall be prominently displayed therein so as to be seen and come to the notice readily of all persons seeking to do business therein. Said certificate shall, among other things, state the following:

- (1) The name of the operator;
- (2) The address of the commercial establishment;
- (3) The date upon which the certificate was issued;
- (4) "This Car Rental Registration Certificate signifies that the person named on the face hereof has fulfilled the requirements of the Lane County Car Rental Tax by registration with the County Finance Officer for the purpose of collecting the car rental tax imposed by Lane County and remitting said tax to the County Finance Officer. This certificate does not authorize any person to conduct any unlawful business or to conduct any lawful business in an unlawful manner, or to operate a commercial establishment without strictly complying with all local applicable laws. This certificate does not constitute a permit." *(Revised by Ordinance No. 5-83, Effective 7.15.83; 2-87, 7.8.87)*

4.265 County Finance Officer Rules.

The County Finance Officer is hereby authorized to establish such rules and procedures for the implementation and enforcement of this subchapter, consistent with its provisions, as the County Finance Officer considers necessary and appropriate. *(Revised by Ordinance No. 5-83, Effective 7.15.83)*