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TURO INC.

11 UNITED STATES DISTRICT COURT  
12 CENTRAL DISTRICT OF CALIFORNIA  
13 WESTERN DIVISION

15 TURO INC.,

16 Plaintiff,

17 v.

18 CITY OF LOS ANGELES,

19 Defendant.

Case No. 2:18-cv-6055

**COMPLAINT OF TURO INC. FOR  
DECLARATORY JUDGMENT AND  
OTHER RELIEF**

**DEMAND FOR JURY TRIAL**

21 Plaintiff Turo Inc. (“Turo”) alleges as follows:

22 **PRELIMINARY STATEMENT**

23 1. Turo is a software company that provides its community of users a  
24 platform to share their personal cars. As California law makes clear, Turo is not a rental  
25 car company because it does not own or rent a fleet of cars. In stark contrast, Turo  
26 operates a website<sup>1</sup> and mobile-device app platform through which users engage in  
27

28 <sup>1</sup> Turo’s website can be found at <https://turo.com/>.

1 **personal** vehicle sharing. That is, Turo allows users to connect with each other. Turo  
2 works as follows: Owners list their privately-owned cars on Turo, indicating  
3 availability, price, and options for pickup. Users seeking a car (“guests”) use Turo to  
4 search listings, select and book a car, and arrange with the car’s owner to pick it up at a  
5 mutually-agreed time and place.

6 2. Turo’s technology has benefitted the public by revolutionizing short-term  
7 car use. Turo helps car owners, from students to retirees, turn idle cars into an income  
8 source. Guests, in turn, love Turo because it gives them access to a wide selection of  
9 privately-owned cars with a superior user experience.

10 3. The California legislature has embraced this innovative “sharing  
11 economy” model by amending the Insurance Code to recognize “personal vehicle  
12 sharing program[s]” as a new kind of entity, distinct from rental car companies (users  
13 of Turo’s personal vehicle sharing program<sup>2</sup> are called “Users” herein). Cal. Ins. Code  
14 § 11580.24. California is not alone: Oregon, Washington, and Maryland have enacted  
15 similar laws to promote peer-to-peer car sharing and to clarify responsibilities in  
16 connection with such car sharing. *See* Or. Rev. Stat. §§ 742.585-742.600; Wash. Rev.  
17 Code §§ 48.175.005-48.175.900; S.B. 743, 2018 Reg. Sess. (Md. 2018).

18 4. Californians love Turo. Hundreds of thousands of Californians are Turo  
19 Users, and more than 10,000 California car owners have listed their vehicles for sharing  
20 on Turo.

21 5. Some Users coordinate through Turo’s platform to exchange cars at or near  
22 Los Angeles International Airport (“LAX”), which is owned by the City of Los Angeles  
23 (the “City”). Because of these User exchanges, the City asserts that Turo must obtain  
24 an LAX rental car company permit. This makes no sense as Turo is a software company  
25 and website operator, not a rental car company.

26 \_\_\_\_\_  
27 <sup>2</sup> Turo has other offerings beyond providing a personal vehicle sharing platform, and it  
28 plans to offer additional verticals in the coming year. However, its personal vehicle  
sharing line of business is the subject of this lawsuit.

1           6. Pursuant to the rental car company permit, the City would require Turo  
2 and its Users to pay exorbitant charges designed for rental car companies operating at  
3 LAX. Specifically, on information and belief, the City would charge Turo and its Users  
4 meeting at or near the LAX ten percent of each booking (the “Gross Receipts Charge”).  
5 This would be a pure revenue grab from local car owners that is totally unconnected to  
6 any benefit provided to, or service used by, Turo and its Users, or any supposed burden  
7 those Users cause by exchanging cars at or near LAX.

8           7. Remarkably, this is not the only fee that the City seeks to impose. It also  
9 seeks a per-transaction “Customer Facilities Charge” meant to finance rental car  
10 infrastructure at the airport (the “LAX Facilities Charge”). On information and belief,  
11 the LAX Facilities Charge is calculated as \$7.50 per day for the first five days of a car  
12 rental. If applied to a five-day Turo car share, it would require Turo and its Users to  
13 make a costly \$37.50 payment to LAX—more than the price many travelers pay for  
14 private ground transportation from LAX to their final destination.

15           8. For a week-long car share that costs a guest \$500, this amounts to an eye-  
16 popping \$87.50 in additional charges (\$50 for the Gross Receipts Charge and \$37.50  
17 for the LAX Facilities Charge)—**all for simply exchanging keys at the LAX curb.**  
18 By contrast, Uber and Lyft users pay LAX a mere \$4 to meet cars curbside at the same  
19 LAX terminals. Limousines and taxis likewise meet passengers curbside and require a  
20 staging area, yet pay only \$4 (limousines) or \$5 (taxis) per trip. In other words, the City  
21 irrationally seeks to charge Turo and its Users ten or even twenty times as much as  
22 others who use similar or greater LAX resources.

23           9. These exorbitant charges are not only arbitrary and unjust, but illegal. As  
24 an initial matter, LAX has threatened to sue Turo for the decision of its Users to meet  
25 at or near LAX. But such an action would run afoul of federal law, specifically the  
26 immunity provided by the Communications Decency Act, 47 U.S.C. § 230. Turo in no  
27 way requires that owners offer, or guests select for, LAX delivery—any such exchanges  
28 are arranged by the Users themselves. The Communications Decency Act thus provides

1 that Turo, an online platform that publishes the selections and offerings of its Users,  
2 cannot be liable for such publication or for User conduct stemming from the same.

3 **10.** Moreover, under California Government Code § 50474.3, the LAX  
4 Facilities Charge can only be charged to rental car companies, which excludes both  
5 Turo and its Users. In fact, the LAX Facilities Charge is collected specifically to finance  
6 construction of a behemoth “Consolidated Rent-a-Car Facility,” which will provide a  
7 wide range of expensive services to rental car companies and their customers. On  
8 information and belief, it will feature 30+ car washing bays, 60+ car maintenance bays,  
9 180+ refueling stations, and 17,000+ stalls for rental cars—as well as over 100,000  
10 square feet of customer service counters, booths, back-office space for rental car  
11 companies, and customer lobbies. But Turo is democratizing car sharing, allowing  
12 Users to bypass this precise manner of expensive overhead and share cars directly with  
13 one another using nothing more than an online app or website. Accordingly, Turo Users  
14 require none of the Consolidated Rent-a-Car Facility’s amenities and will never need to  
15 visit this sprawling facility for any purpose. Imposing the LAX Facilities Charge on  
16 Turo and its Users is thus unfair and unlawful under Government Code § 50474.3, and  
17 not rationally related to the purpose for which the fee is being collected.

18 **11.** Both the Gross Receipts Charge and LAX Facilities Charge are also  
19 unconstitutional because they are unapproved taxes. In 2010, California voters enacted  
20 Proposition 26 (the “Stop Hidden Taxes Initiative”), which amended Article XIII C of  
21 the California Constitution to require that any “fee” charged by a local government bear  
22 a reasonable relation to the cost of the service covered by the fee. Any “fee” that fails  
23 this reasonable relation test is not legally a fee, but a tax that California voters are  
24 entitled to approve or reject. Both of LAX’s proposed charges fail the reasonable  
25 relation test as applied to Turo and its Users, and voters have never approved either.  
26 Thus, it is unconstitutional for the City to impose these charges on Turo and its Users.

27 **12.** These arbitrary charges also violate the “dormant” commerce clause of  
28 Article I, Section 8 of the United States Constitution and the equal protection clauses of

1 the Fourteenth Amendment to the United States Constitution and Article I, Section 7 of  
2 the California Constitution. The City has ignored the fact that these constitutional  
3 provisions prohibit it from (a) imposing an undue burden on interstate commerce by  
4 imposing exorbitant charges that are not actually related to any benefit provided to or  
5 service used by Turo and its Users; and (b) discriminating against Turo and its Users  
6 via charges that are dramatically higher than those imposed on businesses that use  
7 airport property in a similar manner.

8 **13.** Turo would have preferred cooperation with LAX over litigation. Turo's  
9 CEO, Andre Haddad, has repeatedly asked to meet with LAX executives to work  
10 towards an amicable resolution, but LAX has refused to meet with him even once. Turo  
11 is prepared to (a) submit to a permitting regime appropriate for its business model as a  
12 personal vehicle sharing program; and (b) pay reasonable fees to LAX, similar to those  
13 charged to TNCs or taxis. But LAX has refused even to engage with the idea of  
14 developing an appropriate permit for Turo and other personal vehicle sharing programs,  
15 instead arbitrarily (and incorrectly) insisting that Turo is a rental car company and must  
16 be permitted as one. Indeed, LAX has aggressively cited Turo Users exchanging cars  
17 at the airport, sometimes even impounding their cars without cause.

18 **14.** Turo is committed to protecting its community of Users and itself from  
19 arbitrary, unfair, unreasonable, and unlawful charges and LAX's aggressive, misplaced,  
20 and unconstitutional enforcement efforts. Given no other choice, Turo brings this  
21 lawsuit. Specifically, Turo seeks to ensure that its new approach to peer-to-peer car  
22 sharing is not stymied by heavy-handed regulations meant to protect the interests of the  
23 large national car rental companies, to the detriment of entrepreneurial local residents  
24 looking to offset the high cost of car ownership in California by taking advantage of the  
25 economic opportunity Turo's platform provides. Turo asks the Court for a judicial  
26 declaration that:

27 **(a)** The City cannot hold Turo, an online platform, liable for its Users'  
28 decisions to meet at or near LAX. Any such attempt would run afoul of immunity

1 afforded online entities by the Communications Decency Act, 47 U.S.C. § 230;

2 (b) Because Turo is not a rental car company, Turo and its Users cannot  
3 be compelled by the City to pay LAX charges that only apply to rental car companies;

4 (c) The City's attempts to impose the Gross Receipts Charge and LAX  
5 Facilities Charge on each booking made via Turo are unlawful as unauthorized taxes in  
6 violation of California Constitution, Article XIII C;

7 (d) The City has violated the "dormant" commerce clause of the United  
8 States Constitution because the charges that the City is attempting to extract from Turo  
9 and its Users pose an undue burden on interstate commerce, are excessive in relation to  
10 the benefits conferred, and are not based on any fair approximation of Turo or its Users'  
11 use of LAX's facilities; and

12 (e) The City has violated the equal protection clauses of the California  
13 and United States Constitutions because it unlawfully discriminates against Turo and  
14 its Users by imposing charges that far exceed the amount LAX assesses against  
15 similarly-situated companies and their users without any rational basis.

### 16 **LAX Takes Direction from National Car Rental Companies**

17 15. The campaign to misclassify Turo as a rental car company began with  
18 Enterprise Rent-a-Car and its parent, Enterprise Holdings (together, "Enterprise").  
19 Enterprise is a powerful player that also owns Alamo Rent a Car and National Car  
20 Rental and controls 37 percent of the airport car rental market.<sup>3</sup> Enterprise views Turo  
21 as an existential threat and has gone on the offensive to exclude Turo and its Users from  
22 airports nationwide.

23  
24  
25 <sup>3</sup> ENTERPRISE HOLDINGS, Enterprise, National, and Alamo Brands Earn Top Three Spots  
26 in J.D. Power 2016 Rental Car Satisfaction Study (Nov. 10, 2016), *available at*  
27 [https://www.enterpriseholdings.com/en/press-archive/2016/11/enterprise\\_national\\_](https://www.enterpriseholdings.com/en/press-archive/2016/11/enterprise_national_and_alamo_brands_earn_top_three_spots_in_jd_power_rental_car_satisfaction_study.html)  
28 [and\\_alamo\\_brands\\_earn\\_top\\_three\\_spots\\_in\\_jd\\_power\\_rental\\_car\\_satisfaction\\_](https://www.enterpriseholdings.com/en/press-archive/2016/11/enterprise_national_and_alamo_brands_earn_top_three_spots_in_jd_power_rental_car_satisfaction_study.html)  
[study.html](https://www.enterpriseholdings.com/en/press-archive/2016/11/enterprise_national_and_alamo_brands_earn_top_three_spots_in_jd_power_rental_car_satisfaction_study.html) (last visited July 11, 2018).

1           **16.** Enterprise has launched a multi-pronged attack on Turo, lobbying for  
2 damaging legislation in state legislatures and aggressively pressuring airports to stifle  
3 Turo however possible. Documents show Enterprise doing just that at LAX. In  
4 September 2017, an Enterprise representative emailed LAX to discuss approaches to  
5 limiting car sharing via Turo at airports. Shortly thereafter, in November 2017, a  
6 “contingent from Enterprise” met with an airport advocacy firm that represents LAX,  
7 with the specific purpose of “discuss[ing] Turo and the collection of fees at airports[.]”  
8 Enterprise explained at this meeting that it was planning to lobby for legislation that  
9 would subject Turo to regulations meant to govern rental car companies. By February  
10 2018, an Enterprise representative emailed LAX, seeking updates on Turo and lists of  
11 entities with and without LAX rental car permits. LAX obliged and diligently reported  
12 to Enterprise that “the Los Angeles City Attorney is pursuing litigation against Turo[.]”  
13 These emails show that LAX officials treat Enterprise not as a permitted entity under  
14 their regulatory purview but instead as a patron LAX takes instructions from and  
15 actively attempts to protect from competition.

16           **17.** This is particularly disconcerting, given that LAX refuses even to meet  
17 with Turo. Tellingly, LAX and its representatives appear to have held more meetings  
18 with Enterprise than with Turo regarding **how to regulate Turo**. And what Enterprise  
19 wants is clear: to stifle Turo’s innovative model and, more generally, pro-consumer  
20 competition through regulation and litigation, to the detriment of taxpayers.

21           **18.** LAX is unduly attentive to Enterprise’s demands for a reason. While  
22 Enterprise is increasingly outmoded from consumers’ vantage point, it still wields  
23 enormous influence as the largest rental car company in America. It exerts its power  
24 through armies of paid lobbyists, expansive political donations, and its own political  
25  
26  
27  
28



1 action committee, spending millions of dollars to advance its interests at each level of  
2 government.<sup>4</sup> Enterprise spent over \$850,000 on federal lobbyists alone in 2017.

3 **19.** The Hertz Corporation has similarly sought to destroy Turo. The Hertz  
4 Corporation is a subsidiary of Hertz Global Holding Inc., which owns Thrifty Car  
5 Rental and Dollar Rent a Car (collectively, “Hertz”), which collectively account for a  
6 significant share of the airport rental car market. Hertz, like Enterprise, employs  
7 lobbyists to control legislation and regulatory policies. Through these methods,  
8 Enterprise and Hertz have secured lavish tax loopholes worth billions of dollars per year  
9 to the rental car industry and favorable regulatory environments. Like Enterprise, Hertz  
10 views Turo as an existential threat and seeks to use its influence to regulate, tax, or  
11 litigate Turo out of the airport market.

12 **20.** Both Enterprise and Hertz have recently lobbied statehouses across the  
13 country, including in California, Maryland, Massachusetts, Hawaii, Missouri, and  
14 Utah, to pass laws that would define Turo and other peer-to-peer car sharing companies  
15 as rental car companies under state law—thus tacitly admitting that Turo is not a rental  
16 car company under current laws.

17 **21.** Under pressure from these national rental car companies, the City has  
18 threatened to spend taxpayer money on a lawsuit against Turo that would benefit  
19 Enterprise and Hertz above all others. But contrary to the wishes of Enterprise and  
20 Hertz, the City cannot legally hold Turo, an online platform, responsible for such User  
21 conduct—let alone regulate Turo as if it were a rental car company or impose unlawful  
22 charges on Turo and its community of Users.

### 23 **PARTIES**

24 **22.** Turo Inc. is a Delaware corporation with its headquarters in San Francisco,  
25 California.

26 \_\_\_\_\_  
27 <sup>4</sup> See FEDERAL ELECTION COMMISSION, Enterprise Holdings, Inc. Political Action  
28 Committee Financial Summary, *available at* <https://www.fec.gov/data/committee/C00219642/> (last visited July 11, 2018).



1 23. The City of Los Angeles (the “City” or “Defendant”) is a city located in  
2 southern California. The City owns and operates LAX through the Los Angeles World  
3 Airports, which is governed by the Board of Airport Commissioners.

4 **JURISDICTION AND VENUE**

5 24. This Court has jurisdiction of this action under 28 U.S.C. § 1331 because  
6 Turo alleges violations of its rights under the Constitution and laws of the United States.

7 25. This Court has supplemental jurisdiction over those claims arising under  
8 California law pursuant to 28 U.S.C. § 1367.

9 26. The Court may declare the legal rights and obligations of the parties in this  
10 action pursuant to 28 U.S.C. § 2201 because the action presents an actual controversy  
11 within the Court’s jurisdiction.

12 27. This Court has personal jurisdiction over Defendant, because Defendant  
13 resides in California and has its principal place of business in California.

14 28. Venue is proper under 28 U.S.C. § 1391 because Defendant is located and  
15 resides in this judicial district and in the State of California, and because a substantial  
16 part of the events giving rise to Turo’s claims for relief occurred in this judicial district.

17 **ADDITIONAL STATEMENT OF FACTS**

18 **Turo Brings Short-Term Personal Car Sharing to the Sharing Economy**

19 29. Turo (formerly RelayRides) was founded in April 2009<sup>5</sup> by a Harvard  
20 Business School student named Shelby Clark:

21 It was Thanksgiving Day in 2008, and I needed to rent a Zipcar. It  
22 was snowing, and I had to bike 2 1/2 miles through Boston snow  
23 to get to a car. “I passed hundreds of cars on the road that had  
24 clearly not been driven for weeks, and that was when the light bulb  
25 went on. I thought: ‘Wait a minute! I should be taking one of those  
26 cars!’”

27  
28 <sup>5</sup> Turo did not operate in California before December 2010.

1           **30.** Clark researched insurance and technologies and surveyed the marketplace  
2 to see whether others were interested in sharing their cars. Then, in April 2009, he  
3 founded RelayRides, the first peer-to-peer sharing service. Unlike fleet-based services  
4 like Zipcar, RelayRides allowed individual car owners to share their vehicles.

5           **31.** Clark envisioned a platform that would pair people who have spare cars  
6 with those willing to pay reasonable fees to use them. Every day, hundreds of thousands  
7 of cars sit unused in America; American cars remain parked over 95 percent of the time.  
8 Turo, as an innovator in the sharing economy, provides an elegant solution to this waste.  
9 Its model makes sense for car owners and drivers. As the sharing economy grows, the  
10 need for dedicated rental cars, which require expensive overhead and massive  
11 environmental waste, is diminishing. Turo is the largest and most successful peer-to-  
12 peer car sharing platform provider in the United States.

13           **32.** On average, California car owners who use Turo earn about \$3,500 per  
14 year, which helps many to offset their car loan and insurance payments. This extra  
15 source of income benefits Californians who belong to the over 90 percent of American  
16 households that own one or more cars, including seniors on fixed incomes and young  
17 people with student loans. Indeed, the majority of car owners using Turo report using  
18 their earnings to make car payments, reduce debt, or save for their future.

19           **33.** Turo lets these households realize income on an otherwise idle asset while  
20 reducing environmental impacts by eventually decreasing the number of cars on the  
21 road. In fact, researchers at the University of California, Berkeley have found that  
22 “shared mobility” platforms like Turo can create new revenue sources from underused  
23 resources, support healthy lifestyles by reducing driving, and benefit the environment  
24 by encouraging individuals to forgo car ownership and instead use public transit  
25 supplemented by car sharing. Likewise, United States Department of Transportation  
26 researchers have found that members of car sharing programs are more likely to sell  
27  
28

1 their cars and avoid buying new cars. Reductions in car ownership, in turn, correlate  
2 with increased public transit use, walking, biking, and reduced parking demand.<sup>6</sup>

### 3 **Turo Is an Online Matchmaking Platform**

#### 4 **Not Liable for the Conduct of Its Users**

5 **34.** Turo maintains a software platform that matches car owners with those in  
6 need of a car. This business model is fundamentally different from car rental  
7 companies, which own vast fleets of vehicles, run private networks of airport vans and  
8 shuttle buses, utilize significant real estate to conduct their operations, and rake in  
9 immense profits due to generous tax breaks from the federal and state government  
10 (including direct subsidies, bail-outs, waiver of capital gains taxes for car purchases and  
11 sales, and pass-through of registration and licensing fees) in excess of \$3 billion per  
12 year.

13 **35.** Private car owners who use Turo set up a profile and list their cars by  
14 describing the make, model, location, and special features of the cars, and indicating  
15 availability. Owners may also input more detailed descriptions of the cars and set  
16 guidelines for use, including price and terms of delivery. Most car owners also upload  
17 photographs of their cars.

18 **36.** Users who wish to book a car share also set up profiles on Turo. They can  
19 search Turo’s website or app by: (a) typing a desired location into the search menu on  
20 Turo’s main homepage; and (b) inputting a desired timeframe using a drop-down menu.  
21 These Users then gain access to over 800 makes and models, and—unlike if they were  
22 renting from a rental car company—they can pick a car with the specific make, model,  
23

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24 <sup>6</sup> See, e.g., Susan Shaheen & Adam Cohen, *Overview of Shared Mobility*, ITS  
25 BERKELEY POLICY BRIEFS, available at [https://cloudfront.escholarship.org/dist/prd/  
26 content/qt8w77044h/qt8w77044h.pdf?t=p2q24m&v=lg](https://cloudfront.escholarship.org/dist/prd/content/qt8w77044h/qt8w77044h.pdf?t=p2q24m&v=lg) (last visited July 11, 2018);  
27 UNITED STATES DEPARTMENT OF TRANSPORTATION, *Shared Mobility: Current  
28 Practices and Guiding Principles* (hereafter, “Shared Mobility”) at ix, available at  
<https://ops.fhwa.dot.gov/publications/fhwahop16022/fhwahop16022.pdf> (last visited  
July 11, 2018).

1 and color they want. That is, they can pick the exact car that fits the occasion and their  
2 budget and coordinate directly with its owner for delivery or pickup from a pre-  
3 determined location.

4 **37.** Turo does not require that owners offer, or guests receive, car delivery.  
5 Instead, the owner and guest can agree that the guest will pick up the car from the  
6 location where the owner keeps it (or at any other owner-specified location).

7 **38.** If the owner chooses to deliver the car, she can use the Turo platform tools  
8 to create a completely customized delivery option. That is, the owner can offer to  
9 deliver the car at any location that she agrees with the guest, or the two can simply agree  
10 to coordinate with each other (either via Turo’s messaging tools, or via phone, text, or  
11 email) prior to the exchange.

12 **39.** An owner may also optionally offer delivery to “LAX,” only if she agrees  
13 with the guest to meet there. Even then, Turo does not dictate where the owner and her  
14 guest will exchange the car. They can agree to meet anywhere at or near the airport,  
15 including in a parking lot, at the curb, or at any other customized location.

16 **40.** Because Turo is an online platform, and because Turo does not require or  
17 mandate LAX exchanges, the Communications Decency Act, 47 U.S.C. § 230 precludes  
18 liability stemming from such User-organized exchanges.

19 **The California Legislature Has Recognized That Turo’s Car Sharing**  
20 **Model Is Legally Distinct From the Rental Car Company Model**

21 **41.** As noted above, Turo is a car sharing platform, without any fleet of cars to  
22 “rent.” Just as Kayak and Expedia are not airlines, eBay is not an auctioneer, StubHub  
23 is not a ticket seller, Skype is not a telecom company, and DoorDash is not a restaurant,  
24 Turo is not a rental car company.

25 **42.** California law is in accord. California Insurance Code § 11580.24,  
26 enacted in 2010, created a legal framework for personal vehicle sharing programs. The  
27 California legislature thus recognized that such programs are distinct from rental car  
28 companies, which are governed by a separate legal framework. Specifically, Insurance

1 Code § 11580.24 (a) defines a “personal vehicle sharing program” such as Turo as “a  
2 legal entity qualified to do business in the State of California engaged in the business  
3 of facilitating the sharing of private passenger vehicles for noncommercial use by  
4 individuals within the state”; and (b) explains that private cars shared through such  
5 programs are not commercial vehicles. Moreover, this law requires personal vehicle  
6 sharing programs like Turo to provide auto insurance that covers vehicles while they  
7 are being shared, relieving owners of this responsibility. *Id.* § 11580.24(c)(1).

8 **43.** The National Resources Defense Council, the Environmental Defense  
9 Fund, the Sierra Club, the City of Sacramento, the American Planning Association,  
10 California Chapter, Community Action to Prevent Asthma, and the Consumer  
11 Attorneys of California supported the passage of this law—many of them because of  
12 the environmental or consumer-choice benefits of car sharing programs like Turo.

13 **44.** Consistent with this provision of California insurance law, other aspects of  
14 California law also make plain that Turo, an online platform allowing car owners to  
15 share their personal vehicles with guests, is not a rental car company:<sup>7</sup>

16 (a) The California Vehicle Code defines a “rental car company” as “a  
17 person or entity in the business of renting passenger vehicles to the public in California.”  
18 Cal. Veh. Code § 11752(e).

19 (b) The California Civil Code defines a “rental company” as “a person  
20 or entity in the business of renting passenger vehicles to the public.” Cal. Civ. Code  
21 § 1939.01(a).

22 (c) The California Insurance Code defines a “rental car company” as  
23 “any person in the business of renting vehicles to the public.” Cal. Ins. Code § 1758.89.

24 **45.** These statutes show that a rental car company rents cars to customers and  
25 a personal vehicle sharing program is something distinct—i.e., a platform that

26 \_\_\_\_\_  
27 <sup>7</sup> Turo’s Users are also not rental car companies. They are instead individuals  
28 empowered by California Insurance Code § 11580.24 to earn income from an otherwise  
idle asset without operating as commercial entities.

1 “facilitat[es] the sharing of private passenger vehicles for noncommercial use.” As  
 2 such, Turo does not meet the statutory definition of a rental car company. Indeed, its  
 3 business model provides consumers with a far more appealing alternative to them.

4 **46.** Other governmental and private actors agree. For example, Oregon and  
 5 Washington passed similar car sharing laws to California’s and Maryland just passed a  
 6 peer-to-peer car sharing statute which makes clear platforms like Turo are not  
 7 considered rental car companies. Similarly, credit card companies and personal  
 8 insurance providers that offer protections to rental car companies’ customers regularly  
 9 deny such coverage to Turo Users because Turo is not a rental car company. And the  
 10 United States Department of Transportation has stated that “peer-to-peer carsharing”  
 11 programs are distinct from rental car companies.<sup>8</sup>

12 **The City Cannot Charge Turo the LAX Facilities Charge Under California Law**

13 **47.** Consistent with the will of the rental car companies, the City has demanded  
 14 that Turo obtain a rental car company permit and pay the LAX Facility Charge for each  
 15 car share where Turo’s Users decide to meet at or near LAX. But the City cannot require  
 16 Turo, a website and app, to apply for such a permit or pay such charges.

17 **48.** The California Government Code allows airports to impose this type of  
 18 charge on rental car companies, but does not permit forcing these charges on other types  
 19 of entities. *See, e.g.*, Cal. Gov’t Code §§ 50474.1, 50474.3.

20 **49.** The City would charge Turo and its Users between \$7.50 and \$37.50 per  
 21 transaction (\$7.50 per day that the car is used, up to five days). LAX has made public  
 22 statements asserting that California Government Code § 50474.3 authorizes it to charge  
 23 the LAX Facilities Charge to fund the development of the Consolidated Rent-a-Car  
 24 Facility.

25  
 26  
 27 \_\_\_\_\_  
 28 <sup>8</sup> *See* Shared Mobility, *supra* note 8 at 10, 13-16 (defining carsharing as a separate  
 category from “Car Rental”).

1           **50.** The LAX Facilities Charge could be authorized by California Government  
2 Code § 50474.3, as to certain entities. That provision reads, in part: “Any airport may  
3 require rental companies to collect an alternative customer facility charge, as defined in  
4 Section 50474.21, under the following conditions. . . .” The statute goes on to strictly  
5 limit this fee to the amount necessary to recoup the costs of constructing a consolidated  
6 rental car facility—requiring an airport to periodically provide audits to this end to the  
7 state legislature. Cal. Gov’t Code § 50474.3(b).

8           **51.** But Turo is not a “rental company,” which California Civil Code  
9 § 1939.01(a) defines as “a person or entity in the business of renting passenger vehicles  
10 to the public.” Turo is a website that facilitates peer-to-peer car sharing, so California  
11 Government Code § 50474.3 does not authorize the City to charge Turo and its Users  
12 this fee.

13           **52.** Moreover, the LAX Facilities Charge is not reasonably connected or  
14 rationally related to any cost LAX incurs as a result of Turo Users meeting at the airport,  
15 since Users do not require an expensive Consolidated Rent-A-Car Center or  
16 transportation thereto. Nor is the LAX Facilities Charge a reasonable or fair  
17 approximation of any benefit, service, or good that LAX provides to Turo and its Users;  
18 instead, it would unjustly require Users to finance infrastructure they never benefit  
19 from. As Turo has abolished the need for rental car counters, expensive car lots, and  
20 the transit infrastructure needed to connect the two, it makes no sense to force Turo and  
21 its Users to pay to keep outdated rental car companies in business.

22           **53.** No other California statute authorizes an airport to regulate or impose  
23 charges on users of a personal vehicle sharing program like Turo, or requires such  
24 entities, which operate only online (not at the airport) to pay charges to the airport.

25           **The City’s Demands Violate Section XIII C of the California Constitution**

26           **54.** The City demands that Turo apply for a rental car company permit and that  
27 Turo and its Users pay a Gross Receipts Charge of, on information and belief, 10 percent  
28 of the total amount of each reservation plus an LAX Facilities Charge of \$7.50–\$37.50



1 anytime they meet at LAX. As above, Turo and its Users cannot legally be subject to  
2 either of these charges.

3 **55.** Moreover, the application of the Gross Receipts Charge and LAX  
4 Facilities Charge to Turo and its Users is a violation of Article XIII C of the California  
5 Constitution, enacted by Proposition 218 and amended by Proposition 26.

6 **56.** In 1996, California voters passed Proposition 218, which required local  
7 governments to get voter approval before enacting any new taxes. For the next two  
8 decades, local governments bypassed this requirement by reframing new taxes as “fees”  
9 or “assessments” that did not require voter approval. California’s voters rebuffed this  
10 abuse and strengthened taxpayer protections by passing Proposition 26 in 2010.

11 **57.** California voters stated their purpose in the first section of Proposition 26.  
12 That section, labeled “Findings and Declarations of Purpose of the People of the State  
13 of California,” provides as follows:

14 Fees couched as “regulatory” but which exceed the reasonable costs of  
15 actual regulation or are simply imposed to raise revenue for a new  
16 program and are not part of any licensing or permitting program are  
17 actually taxes and should be subject to the limitations applicable to the  
18 imposition of taxes. [] In order to ensure the effectiveness of these  
19 constitutional limitations, this measure also defines a ‘tax’ for state and  
20 local purposes so that neither the Legislature nor local governments can  
circumvent these restrictions on increasing taxes by simply defining new  
or expanded taxes as “fees.”

21 **58.** Under this new constitutional language, any “levy, charge, or exaction” is  
22 a tax unless it falls within one of seven narrowly defined exceptions. This new regime  
23 has significantly expanded voters’ ability to veto arbitrary taxes. Under Proposition 26,  
24 it is the burden of the taxing authority to prove an exception applies. The people must  
25 approve, by vote, any means of raising revenue that is a tax.

26 **59.** The Gross Receipts Charge as it is applied to Turo and its Users does not  
27 fall within any of the seven exceptions enumerated in Article XIII C, Section 1(e).  
28

1           **60.** As relevant here, a local government needs voter approval to charge a fee  
2 for a “benefit,” “privilege,” “service,” or “product” unless it can prove the fee is (1) “no  
3 more than necessary to cover the reasonable costs of the governmental activity” and (2)  
4 “that the manner in which those costs are allocated to a payor bear[s] a fair or reasonable  
5 relationship to the payor’s burdens on, or benefits received from, the governmental  
6 activity.” The City’s attempt to levy the Gross Receipts Charge on Turo and its Users  
7 without voter approval clearly runs afoul of these requirements.

8           **61.** This is so because the Gross Receipts Charge would far exceed the costs  
9 LAX incurs as a result of Turo Users meeting at the airport. In fact, the Gross Receipts  
10 Charge is not reasonably connected or rationally related to any cost incurred by the  
11 airport to support Turo and its Users. For these same reasons, the Gross Receipts  
12 Charge is also not a reasonable or fair approximation of any benefit, service, or good  
13 that LAX provides to Turo and its Users.

14           **62.** Rather, the Gross Receipts Charge would simply be a new stream of  
15 revenue for the City that comes without additional cost or burden to the LAX airport.  
16 Remarkably, the Gross Receipts Charge would demand of Turo and its Users exorbitant  
17 charges merely for the right to meet at or near the airport.

18           **63.** Meanwhile, the payments that the City demands of other similar entities,  
19 including TNCs like Uber and Lyft, and taxi and limousine companies, are orders of  
20 magnitude lower. (Uber and Lyft riders pay \$4, taxis pay \$4 per trip, and limousines  
21 pay \$5 per trip.) There is no reason for this discrepancy, particularly given that taxis  
22 require dedicated lanes, staging areas, LAX personnel to coordinate passenger pickup,  
23 and a ticketing booth that tracks rides. Turo Users spend no more time at the curb than  
24 other consumers or providers of ground transportation at LAX.

25           **64.** Applying the Gross Receipts Charge to Turo and its Users would create a  
26 new tax that postdates Proposition 26. There is no ordinance, regulation, or LAX  
27 practice of charging an online platform like Turo and its Users a tax of this kind that  
28 predates November 2, 2010.

1           **65.** The application of the rental car permit regime to Turo and its Users,  
2 including the accompanying Gross Receipts Charge, constitutes an imposition,  
3 extension, or increase of a tax and may also constitute a change in methodology with  
4 regard to the charging of a tax. Because these acts took place only after November 2,  
5 2010, they are subject to Article XIII C, Section 2 of the California Constitution.

6           **66.** LAX publishes a set of “Ground Transportation Rules and Regulations” of  
7 its own design (“LAX Rules”).<sup>9</sup>

8           **67.** On information and belief, the LAX Rules first defined the term “Rental  
9 Car Company” long after November 2, 2010. Only in 2016 was the term defined to  
10 include peer-to-peer car sharing companies:

11           Any business that, directly or indirectly, provides, procures and/or brokers  
12 rental vehicles as part of its business and/or conducts, facilitates, and/or  
13 manages vehicle rental activities as part of its business. This includes, but  
14 is not limited to, traditional rental car businesses, brokers for car rental  
15 businesses, rental car delivery companies, peer-to-peer car rental businesses  
16 and car sharing businesses.

16           **68.** This amendment, made without any consultation with, or involvement  
17 from, the peer-to-peer car sharing industry, was intended to contort the plain language  
18 and statutory definition of a rental car company to purportedly reach (and thereby to  
19 impose unconstitutional taxes upon) entities that fall well outside of the rental car  
20 regulatory regime, including Turo and other online platforms. Before this revision to  
21 the Rules and Regulations, LAX itself did not consider Turo to be a rental car company  
22 subject to the rental car permitting regime and associated charges.

23           **69.** LAX has not provided to Turo, and on information and belief, Turo alleges  
24 LAX has not conducted, any analysis justifying application of the Gross Receipts  
25

26  
27  
28           <sup>9</sup> The current LAX Rules and Regulations are posted at <https://www.lawa.org/LAXGTRulesRegs> (last visited July 11, 2018).

1 Charge to Turo or other Personal Vehicle Sharing Programs or assessing the costs  
2 allegedly incurred in connection with Turo Users exchanging cars at or near LAX.

3 **70.** The City of Los Angeles has not sought or received voter approval for  
4 these taxes.

5 **71.** Because LAX has failed to abide by the procedures required by Article  
6 XIII C, Section 2, LAX's application of the Gross Receipts Charge to Turo and its Users  
7 is unlawful.<sup>10</sup>

8 **72.** In addition to violating the California Government Code, the LAX  
9 Facilities Charge also violates Article XIII C of the California Constitution, enacted by  
10 Proposition 218 and amended by Proposition 26.

11 **73.** Like the Gross Receipts Charge, the LAX Facilities Charge as it is applied  
12 to Turo and its Users also does not fall within any of the seven exceptions enumerated  
13 in Article XIII C, Section 1(e) of the California Constitution. The charge does not cover  
14 any service or privilege that LAX provides to Turo, and would require Turo and its  
15 Users to pay \$7.50–\$37.50 per transaction.

16 **74.** On information and belief, the LAX Facilities Charge was only  
17 promulgated by LAX in 2017.

18 **75.** The application of the rental car permit regime to Turo and its Users,  
19 including the accompanying LAX Facilities Charge, constitutes an imposition,  
20 extension, or increase of a tax and may also constitute a change in methodology with  
21 regard to the charging of a tax. Because these acts took place only after November 2,  
22 2010, they are subject to the limitations of Article XIII C, Section 2 of the California  
23 Constitution.

24 **76.** LAX has not provided to Turo, and on information and belief, Turo alleges  
25 LAX has not conducted, any analysis justifying application of the LAX Facilities  
26

---

27 <sup>10</sup> If the Gross Receipts Charge could be termed a fee, it would still be unlawful under  
28 California law because it is not reasonable, fair, or proportional.

1 Charge to Turo or other Personal Vehicle Sharing Programs or assessing the costs  
2 allegedly incurred in connection with Turo Users exchanging cars at or near LAX.

3 77. The City of Los Angeles has not sought or received voter approval for this  
4 tax.

5 78. Because the City has failed to abide by the procedures required by Article  
6 XIII C, Section 2, the City's application of the LAX Facilities Charge to Turo and its  
7 Users is unlawful.

8 **The Gross Receipts and LAX Facilities Charges Violate**  
9 **the "Dormant" Commerce Clause**

10 79. The Gross Receipts and LAX Facilities Charges pose an undue burden on  
11 interstate commerce; they are not based on any fair approximation of Turo's and its  
12 Users' use of LAX's services or facilities, they are excessive in relation to the benefits  
13 conferred on Turo and its Users by LAX, and they discriminate against interstate  
14 commerce. Thus, these charges violate Article I, Section 8 of the United States  
15 Constitution pursuant to 42 U.S.C. § 1983, as applied to Turo and its Users. To the  
16 extent the LAX Rules purport to authorize Turo's treatment as a rental car company  
17 (including these charges), they are unconstitutional as applied to Turo.

18 80. As discussed in detail above, these charges are not a fair approximation of  
19 any benefit, good, or service used by Turo and its Users. Turo Users do not benefit  
20 from or rely on other airport facilities and services like LAX's proposed Consolidated  
21 Rent-a-Car Facility.

22 81. Moreover, the City demands only a fractional amount from TNCs, taxi  
23 companies, and limousine companies that use airport property in virtually the same  
24 manner as Turo, further demonstrating that the Gross Receipts and LAX Facilities  
25 Charges are disproportionate and excessive.

26 82. Moreover, the majority of Turo's Users who arrange to meet a Turo car  
27 owner at LAX arrive from out-of-state and have pre-arranged their Turo booking before  
28

1 arriving, further illustrating that the Gross Receipts and LAX Facilities Charges burden  
2 interstate commerce.

3 **83.** The City is acting in its regulatory capacity, not in a capacity as a market  
4 participant. The City imposes the Gross Receipts and LAX Facilities Charges on a wide  
5 variety of businesses, including all peer-to-peer car sharing companies, and not merely  
6 on businesses that are “business partners” of the City (Turo does not concede that the  
7 City even has any business partners in this context). The City has a monopoly over who  
8 is permitted to conduct business at LAX. The City’s conduct is subject to dormant  
9 commerce clause scrutiny.

10 **The Gross Receipts and LAX Facilities Charges Violate**  
11 **the Equal Protection Clause**

12 **84.** The City’s demands that Turo and its Users pay exorbitant charges also  
13 violate their rights to fair and equal treatment under the equal protection clauses of the  
14 Fourteenth Amendment to the United States Constitution (pursuant to 42 U.S.C. § 1983)  
15 and Article I, Section 7 of the California Constitution. The City violates these  
16 constitutional provisions by intentionally treating Turo and its Users differently than  
17 other similarly situated companies and their users without a rational basis for doing so.  
18 To the extent the LAX Rules purport to authorize Turo’s treatment as a rental car  
19 company (including these charges), they are unconstitutional as applied to Turo.

20 **85.** Specifically, the City violates Turo’s and its Users’ right to equal  
21 protection under the law by intentionally levying charges on Turo and its Users that are  
22 far in excess of the charges that it demands from TNCs like Uber and Lyft, whose  
23 users—like Turo’s—only use LAX property for user pick-ups and drop-offs and do not  
24 benefit from or rely on other airport facilities and services like LAX’s proposed  
25 Consolidated Rent-a-Car Facility. Like Turo, these companies are also online  
26 matchmaking platforms that allow users to coordinate pick-ups and drop-offs on or near  
27 airport premises via mobile and web-based applications. Despite these similarities, the  
28 City only charges \$4 per trip to Uber and Lyft and their users—a mere fraction of the

1 LAX Facilities Charge and 10 percent Gross Receipts Charge that LAX seeks to recover  
2 from Turo and its Users. Uber and Lyft also make use of staging areas and LAX even  
3 provides them designated curbside space for pickups—provisions not given to Turo or  
4 its Users.

5 **86.** Likewise, the City also violates Turo’s and its Users’ right to equal  
6 protection by levying charges far in excess of those it collects from taxis and limousine  
7 companies and their users. In fact, taxis and limousines meet users curbside and require  
8 a staging area, yet pay pennies on the dollar compared to what the City would charge  
9 Turo and its Users (limousines pay \$5 per trip and taxis pay \$4). Indeed, taxis and their  
10 users impose a substantially greater burden on LAX infrastructure than Turo and its  
11 Users, as LAX provides taxis with dedicated lanes, staging areas, LAX personnel to  
12 coordinate passenger pickup, and a ticketing booth that tracks rides.

13 **87.** The City can offer no rational basis for this disparate treatment. On the  
14 contrary, the City has acted with animus towards Turo and with the improper motive of  
15 protecting the interests of large multi-national rental car companies, to the detriment of  
16 Turo and local taxpayers. On information and belief, LAX has colluded with rental car  
17 companies that have a strong desire to misclassify Turo as a rental car company and  
18 that have zealously campaigned to try to achieve this end.

19 **88.** Accordingly, the City’s attempt to impose these disparate charges on Turo  
20 and its Users violates their constitutional rights to equal protection under the law.

### 21 **Turo’s Willingness to Cooperate with LAX**

22 **89.** The City cannot lawfully impose rental car company permitting  
23 requirements and related charges on Turo and its Users. Despite this fact, Turo has long  
24 been willing to cooperate with LAX to arrive at a new constitutional permitting regime  
25 appropriate for the unique model of personal vehicle sharing programs. Turo has  
26 always sought to work with airports cooperatively to devise a solution that works for its  
27 new innovative business model. Turo brings this lawsuit now only because LAX has  
28



1 refused to negotiate in good faith, demanding instead that Turo submit to an unlawful  
2 permitting regime.

3 **90.** Turo would greatly prefer cooperation over litigation. Turo has sought to  
4 negotiate an appropriate car sharing permit with LAX—including through good faith  
5 outreach from its CEO, Andre Haddad, but its efforts have been rebuffed at every turn.

6 **91.** LAX has instead sent Turo cease-and-desist letters, ordering Turo to cease  
7 any activity at LAX or apply for a permit that makes no sense for the peer-to-peer car  
8 sharing industry. (*See* Exs. 1 and 2 (alleging, *inter alia*, violations of Los Angeles  
9 Administrative Code § 171.02(b)).) The City has threatened legal action against Turo  
10 if Turo refuses to submit to the unlawful fees associated with this permit.

11 **FIRST CAUSE OF ACTION**

12 **(Declaratory Relief)**

13 **92.** Turo repeats and realleges each and every foregoing allegation contained  
14 herein, as if said allegations were set forth in full.

15 **93.** As alleged herein, an actual and justiciable controversy now exists between  
16 Turo and the City concerning whether Turo can be held responsible for alleged  
17 violations of the LAX Rules and Los Angeles Administrative Code § 171.02(b)  
18 allegedly committed by Turo and its Users—namely the conduct of Turo Users meeting  
19 at or near LAX.

20 **94.** Turo is an interactive computer service that provides a website and app-  
21 based platform.

22 **95.** Turo’s Users provide user content on the Turo platform, including content  
23 through which Turo’s Users decide to meet at LAX. In this way, Turo’s Users are  
24 information content providers.

25 **96.** The City asserts that Turo Users meeting at LAX to exchange vehicles do  
26 so in violation of the LAX Rules and Los Angeles Administrative Code.

27 **97.** The City would hold Turo liable for the actions of its Users, specifically  
28 posting on Turo their agreement to exchange vehicles at LAX and their subsequent

1 meeting on or near LAX premises to consummate those transactions. LAX would hold  
2 Turo liable because Turo publishes the content that results in these meetings and has  
3 threatened to take legal action against Turo.

4 **98.** Turo is immune from this asserted liability by virtue of Section 230 of the  
5 federal Communications Decency Act, 47 U.S.C. § 230.

6 **99.** Turo cannot be held liable by the City for alleged violations of the LAX  
7 Rules and the Los Angeles Administrative Code that allegedly result from the meeting  
8 of Turo Users at LAX.

9 **100.** Turo cannot be held liable by the City for alleged violations of California  
10 Business and Professions Code, § 17200 *et seq.* allegedly resulting from the meeting of  
11 Turo Users at LAX.

12 **101.** Turo cannot be held liable by the City for alleged violations of any other  
13 state or federal statutory or common law claim stemming from publication of User  
14 content that leads to the exchange of cars at LAX.

15 **102.** This issue is properly resolved by a declaration from this Court.

16 **103.** Turo seeks a declaratory judgment adjudicating this controversy pursuant  
17 to 28 U.S.C. § 2201.

18 **SECOND CAUSE OF ACTION**

19 **(Declaratory Relief)**

20 **104.** Turo repeats and realleges each and every foregoing allegation contained  
21 herein, as if said allegations were set forth in full.

22 **105.** As alleged herein, an actual and justiciable controversy now exists between  
23 Turo and the City concerning LAX's authority to regulate and treat Turo and its Users  
24 as rental car companies and to impose charges on Turo and its Users that apply only to  
25 rental car companies.

26 **106.** Turo and its Users are not rental car companies under California law.  
27  
28

1 **107.** Turo and its Users cannot be made to pay charges pertinent to rental car  
2 companies, including but not limited to those identified in California Government Code  
3 § 50474.3 and § 50474.21.

4 **108.** The City has no statutory or regulatory basis that is valid under the United  
5 States and California Constitutions for compelling Turo and its Users to pay the LAX  
6 Facilities Charge or Gross Receipts Charge, or obtain a rental car company permit.

7 **109.** This issue is properly resolved by a declaration from this Court.

8 **110.** Turo seeks a declaratory judgment adjudicating this controversy pursuant  
9 to 28 U.S.C. § 2201.

10 **THIRD CAUSE OF ACTION**

11 **(Declaratory Relief)**

12 **111.** Turo repeats and realleges each and every foregoing allegation contained  
13 herein, as if said allegations were set forth in full.

14 **112.** As alleged herein, an actual and justiciable controversy now exists between  
15 Turo and the City concerning whether LAX’s attempt to levy the Gross Receipts Charge  
16 and LAX Facilities Charge, to the extent the latter is applicable to Turo and its Users at  
17 all, is unlawful in that the Gross Receipts Charge and LAX Facilities Charge constitute  
18 taxes not approved by voters.

19 **113.** The City cannot charge Turo and its Users these taxes without voter  
20 approval.

21 **114.** This issue is properly resolved by a declaration from this Court.

22 **115.** Turo seeks a declaratory judgment adjudicating this controversy pursuant  
23 to 28 U.S.C. § 2201.

24 **FOURTH CAUSE OF ACTION**

25 **(Declaratory Relief)**

26 **116.** Turo repeats and realleges each and every foregoing allegation contained  
27 herein, as if said allegations were set forth in full.

28

1           **117.** As alleged herein, an actual and justiciable controversy now exists between  
2 Turo and the City concerning the “dormant” commerce clause embodied in Article I,  
3 Section 8 of the United States Constitution (pursuant to 42 U.S.C. § 1983), and whether  
4 the Gross Receipts and LAX Facilities Charges that the City seeks to recover from Turo  
5 and its Users constitute an undue burden on interstate commerce, are not based on a fair  
6 approximation of the services and facilities used by Turo and its Users, and are  
7 excessive in relation to the benefits conferred upon them by LAX.

8           **118.** The City cannot impose unconstitutional charges that violate the  
9 “dormant” commerce clause on Turo and its Users. For this reason, neither Turo nor  
10 its Users need to pay the Gross Receipts and LAX Facilities Charges pertinent to rental  
11 car companies.

12           **119.** This issue is properly resolved by a declaration from this Court.

13           **120.** Turo seeks a declaratory judgment adjudicating this controversy pursuant  
14 to 28 U.S.C. § 2201.

15   **FIFTH CAUSE OF ACTION**

16   **(Declaratory Relief)**

17           **121.** Turo repeats and realleges each and every foregoing allegation contained  
18 herein, as if said allegations were set forth in full.

19           **122.** As alleged herein, an actual and justiciable controversy now exists between  
20 Turo and the City concerning whether LAX has violated Turo’s and its Users’ rights to  
21 equal protection under the Fourteenth Amendment to the United States Constitution  
22 (pursuant to 42 U.S.C. § 1983) and Article I, Section 7 of the California Constitution  
23 by intentionally or purposefully treating Turo and its Users differently from other  
24 similarly-situated companies, including TNCs, taxi and limousine companies, and their  
25 users, without any rational basis for doing so. The City’s actions further exhibit  
26 improper motive and collusion with large multi-national rental car companies.  
27  
28



1 8. Issue a declaratory judgment that the imposition of the LAX Facilities  
2 Charge on Turo and its Users would constitute a tax that is unlawful without voter  
3 approval;

4 9. Issue a declaratory judgment that neither Turo nor its Users need to pay  
5 the Gross Receipts and LAX Facilities Charges because these charges violate the  
6 “dormant” commerce clause of the United States Constitution, as applied;

7 10. Issue a declaratory judgment that neither Turo nor its Users need to pay  
8 the Gross Receipts and LAX Facilities Charges pertinent to rental car companies  
9 because these charges violate the equal protection clauses of the Federal and California  
10 Constitutions, as applied;

11 11. Grant any and all appropriate injunctive relief, including but not limited to  
12 precluding the City from (a) compelling Turo to apply for a rental car company permit;  
13 and (b) prohibiting Turo and its Users from exchanging vehicles at or near the airport,  
14 or interfering with such exchanges, in the absence of such a permit;

15 12. Award Turo its fees and costs incurred herein; and

16 13. Grant such other and further relief as this Court should find just and proper.

17 **DEMAND FOR JURY TRIAL**

18 Turo hereby demands a jury trial on all the issues so triable pursuant to Rule 38  
19 of the Federal Rules of Civil Procedure.

20  
21 Dated: July 12, 2018

COOLEY LLP

22  
23 /s/ Matthew D. Brown  
24 Matthew D. Brown

25 Attorneys for Plaintiff  
26 TURO INC.  
27

28 176760538

# Exhibit 1





91 7199 9991 7030 6424 7540

November 7, 2016

sent via certified mail

Mr. Andre Haddad  
Chief Executive Officer & Director  
Turo  
667 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94105

LAX  
Van Nuys  
City of Los Angeles

Eric Garcetti  
Mayor

Board of Airport  
Commissioners

Sean O. Burton  
President

Valeria C. Velasco  
Vice President

Jeffery J. Daar  
Gabriel L. Eshaghian  
Beatrice C. Hsu  
Noian V. Rollins  
Dr. Cynthia A. Telles

Deborah Flint  
Chief Executive Officer

**Re: Unauthorized Rental Car Activity at Los Angeles International Airport**

Dear Mr. Haddad

Los Angeles World Airports (LAWA) recently discovered Turo is operating a vehicle rental business that is providing direct access to the Central Terminal Area (CTA) of Los Angeles International Airport (LAX) without a concession agreement. It has come to LAWA's attention that Turo's website advertises "curbside delivery" and "airport pickup" at LAX (see attached). Entering the LAX CTA to conduct business is prohibited without a concession agreement.

As you may be aware, all rental car companies serving LAX are required to have either a concession agreement with LAWA or a Non-Exclusive License Agreement (NELA) for remote off-airport rental car operations. LAWA defines rental car companies as any business that, directly or indirectly, provides, procures and/or brokers rental vehicles as part of its business and/or conducts, facilitates, and/or manages vehicle rental activities as part of its business, including, but not limited to, traditional rental car businesses, brokers for car rental businesses, rental car delivery companies, peer to peer car rental businesses and car sharing businesses.

Rental car companies operating under a NELA will pick-up their customers at a staging lot designated by LAWA, currently located at the southeast corner of the intersection of West Century Boulevard and Airport Boulevard (the Staging Lot). Licensee will receive a designated space (available on a first come first-served basis) within the Staging Lot (see attached map) and may install a sign with its brand facing West Century Boulevard. All signs are subject to approval by LAWA. The license fee for the Non-Concessionaire Rental Car Company NELA will be \$6,000 per month, subject to increase per the terms of the NELA.



Mr. Andre Haddad  
November 7, 2016  
Page 2 of 2

For more information on the Non-Concessionaire Rental Car Company NELA and application process please visit <http://www.lawa.org/rentalcarpermits>. For any questions, please contact Christina Gomez at (424) 646-7196.

Sincerely,



Marisa Katnich  
Director  
Strategic Commercial Management

MK:JL:cg

Attachments

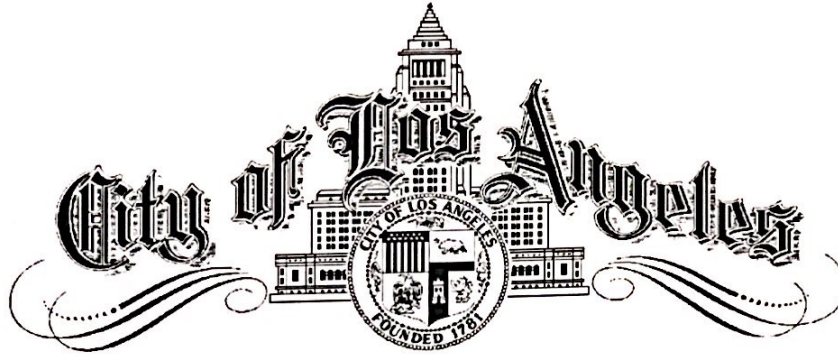
ec: Latasha Wells-Emerson, Airport Police  
Richard Chong, LAWA Operations

# Exhibit 2

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GENERAL COUNSEL

D. TIMOTHY DAZÉ  
ASSISTANT GENERAL COUNSEL

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OFFICE OF THE CITY ATTORNEY

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April 3<sup>rd</sup>, 2017

Via certified United States mail

Ms. Michelle Peacock  
Vice President and Head of Government Relations  
Turo  
667 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94105

RE: Cease and Desist Turo Operations and Reference to Turo Passenger/Customer Access at LAX

Dear Michelle Peacock:

Pursuant to Section 171.02(b) of the Los Angeles Administrative Code. “[n]o person shall engage in any business or commercial activity of any kind whatsoever on the Airport without first having applied for and obtained the appropriate license, lease or permit therefor.”

The type of business your company operates falls within the regulatory framework governed by Los Angeles World Airport’s (LAWA) rental car/transportation service requirements, which requires a business who wishes to operate inside the Airport, to bid for a concession agreement (the Request For Proposal (RFP) process has already closed for this). Absent a concession agreement, rental car companies (which include peer to peer, traditional rental car companies, rental delivery services and any other permutation of a rental car business), can only operate outside of Los Angeles International Airport (“LAX”) at the cell phone waiting lot located next to Economy Parking Lot C on 96<sup>th</sup> Street.

Your company has been operating a business inside LAX without an agreement with LAWA. Additionally, you were informed, in a letter from LAWA dated January 30, 2017, that LAX Ground Transportation Rules and Regulations include peer to peer car rental businesses as part of the definition of a Rental Car Company as it relates to operations on LAX property (see Exhibit A). Regardless of what you characterize your business, no business is allowed to operate at LAX without the necessary license, lease, contract, and/or permit, and pursuant to the operation of Turo on LAX property the requirement would be a concession agreement.



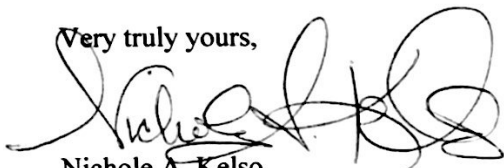
Ms. Michelle Peacock  
Page 2  
April 3, 2017

Not only does Turo advertise that it does business at LAX (see Exhibit B), Turo in fact does business at LAX by either directly accessing its passengers in the Central Terminal Area (“CTA”), or using courtesy shuttle services from nearby hotels, and/or using independent contractors, such as a black car service, to access its passengers in the CTA. To reiterate, doing business at LAX without a proper agreement with LAWA is a violation of Section 171.02 (b) as well as LAX’s Ground Transportation Rules and Regulations.

This letter serves as notice to Turo, to cease and desist its operations inside LAX. Turo cannot access its customers in the CTA, either directly (by an employee of Turo) or indirectly (through an independent contractor who has a contract with LAWA. Note that it would be a violation of independent contractor’s agreement with LAWA to provide passenger pick-up or drop-off service to Turo) as Turo does not have a concession agreement to access passengers inside the CTA. If Turo continues to advertise and do business inside LAX, our office will take appropriate legal action to prevent further activity by Turo inside LAX.

Should you have any questions, you may reach me at [nkelso@lawa.org](mailto:nkelso@lawa.org) and at 424-646-5010.  
Thank you for your prompt attention to this matter.

Very truly yours,



Nichole A. Kelso  
Deputy City Attorney  
Los Angeles City Attorney’s Office-Department of Airports

Enclosures

cc: Debbie Bowers, Deputy Executive Director, Commercial Development Group LAWA  
Marisa Katnich, Commercial Development Group, LAWA  
Andre Haddad, Chief Executive Officer, Turo

**EXHIBIT A**

*Los Angeles  
World Airports*

January 30, 2017

Sent Via Certified Mail

**Ms. Michelle Peacock**  
Vice President and Head of Government Relations  
Turo  
667 Mission Street, 4<sup>th</sup> Floor  
San Francisco, CA 94105

LAX  
Van Nuys  
City of Los Angeles  
Eric Garcetti  
Mayor  
Board of Airport  
Commissioners  
Sean O. Burton  
President  
Valeria C. Velasco  
Vice President  
Jeffery J. Dear  
Gabriel L. Estaghian  
Deborah A. Felt  
Dr. Cynthia A. Torres  
Deborah Felt  
Chief Executive Officer

**Re: Unauthorized Rental Car Activity at Los Angeles International Airport**

Dear Ms. Peacock:

Los Angeles World Airports (LAWA) has received your letter dated November 17, 2016 and is providing a response to the items that were raised.

- Turo's website clearly and explicitly states "Curbside delivery" and "200+ cars available at Los Angeles International Airport."
- LAX Rules and Regulations, which became effective January, 2017, define rental car companies as any business that, directly or indirectly, provides, procures, and/or brokers rental vehicles as part of its business and/or conducts, facilitates, and/or manages vehicle rental activities as part of its business, including, but not limited to, traditional rental car businesses, brokers for car rental businesses, rental car delivery companies, peer-to-peer car rental businesses and car sharing businesses. An excerpt of the rules and regulations is attached for your convenience.

In your response letter, Turo defined itself as "a peer-to-peer car sharing" business, which clearly falls within LAWA's definition of a rental car company. As such, Turo must have an agreement to operate as a rental car company at LAX.

Please visit <http://losangelesairport.net/airops.aspx?id=13489> for information on becoming a non-concessionaire rental company.

Sincerely,



Marisa Katnich, Director  
Strategic Commercial Management

MK:JL:cg

Attachments

ec: Latasha Wells-Emerson, Airport Police  
Richard Chong, LAWA Operations