

Chapter 567

(Senate Bill 573)

AN ACT concerning

~~Sales and Use Tax – Short-Term Rental Vehicles and Peer-to-Peer Car Sharing~~  
~~– Rate Alteration and Sunset Repeal~~ *Sales Tax Sunset Extension and Study*

FOR the purpose of ~~repealing~~ *extending* the termination of certain provisions of law making sales and charges related to peer-to-peer car sharing subject to a certain sales and use tax rate; ~~requiring the Comptroller to distribute revenue from the sales and use tax imposed on peer-to-peer car sharing in a certain manner; requiring the Comptroller, on or before a certain date, to calculate a certain percentage; altering, under certain circumstances, the sales and use tax rate imposed on certain short-term vehicle rentals and shared motor vehicles used for peer-to-peer car sharing; repealing a certain obsolete provision providing that a certain calculation may not result in the reduction of a certain tax rate; providing for the effective dates of this Act; requiring the Department of Legislative Services to report to the General Assembly on or before a certain date; defining a certain term;~~ and generally relating to ~~the sales and use tax on short-term rental vehicles and peer-to-peer car sharing.~~

BY repealing and reenacting, with amendments,  
Chapter 852 of the Acts of the General Assembly of 2018  
Section 7

~~BY repealing and reenacting, with amendments,~~  
~~Article – Tax – General~~  
~~Section 2 – 1302.1 and 11 – 104(e) and (e-1) 11 – 104(e-1)~~  
~~Annotated Code of Maryland~~  
~~(2016 Replacement Volume and 2019 Supplement)~~

~~BY repealing and reenacting, without amendments,~~  
~~Article – Tax – General~~  
~~Section 11 – 101(l)(4) and 11 – 104(e)~~  
~~Annotated Code of Maryland~~  
~~(2016 Replacement Volume and 2019 Supplement)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Chapter 852 of the Acts of 2018**

SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in Section 6 of this Act, this Act shall take effect July 1, 2018. ~~¶~~Section 3 of this Act shall remain

effective for a period of ~~2~~ **3** years and, at the end of June 30, ~~2020~~ **2021**, Section 3 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.†

SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 31, 2020, the Department of Legislative Services shall report to the General Assembly, in accordance with § 2-1257 of the State Government Article, on:

(1) a comparison of excise titling taxes and other motor vehicle fees in the State relating to short-term vehicle rentals and peer-to-peer car sharing;

(2) a comparison of excise titling taxes and other motor vehicle fees relating to short-term vehicle rentals and peer-to-peer car sharing in other states;

(3) a comparison of taxation and other governmental fees in the State relating to short-term vehicle rental companies and peer-to-peer car sharing companies, including with regard to income tax and sales tax;

(4) a comparison of sales taxes imposed in other states on short-term vehicle rentals and on peer-to-peer car sharing;

(5) a comparison of taxation and other governmental fees relating to short-term vehicle rentals and peer-to-peer car sharing in other states; and

(6) any other information that the Department determines relevant to the identification and compilation of information that could assist the General Assembly in determining a fair and equitable State taxation on sales and charges made in connection with a shared motor vehicle used for peer-to-peer car sharing and made available on a peer-to-peer car sharing program.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2020.

~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:~~

~~Article Tax General~~

~~2-1302.1.~~

~~[(a) Except as otherwise provided in this section, after making the distributions required under §§ 2-1301 and 2-1302 of this subtitle, of the sales and use tax collected [on short term vehicle rentals] under § 11-104(e) AND (C-1) of this article ON SHORT TERM VEHICLE RENTALS AND PEER TO PEER CAR SHARING, the Comptroller shall distribute:~~

~~(1) 45% to the Transportation Trust Fund established under § 3-216 of the Transportation Article; and~~

~~(2) the remainder to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund.~~

~~[(b) For each fiscal year beginning on or before July 1, 2015, after the distribution required under subsection (a)(1) of this section, the Comptroller shall distribute the remainder of the sales and use tax collected on short-term vehicle rentals under § 11-104(c) of this article as follows:~~

~~(1) to the General Fund of the State:~~

~~(i) \$9,249,199 for the fiscal year beginning July 1, 2014; and~~

~~(ii) \$8,630,632 for the fiscal year beginning July 1, 2015; and~~

~~(2) the remainder to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund.]~~

~~11-101.~~

~~(4) (4) "Taxable price" includes all sales and charges, including insurance, freight handling, equipment and supplies, delivery and pickup, cellular telephone, and other accessories, but not including sales of motor fuel subject to the motor fuel tax, made in connection with:~~

~~(i) a short-term vehicle rental, as defined in § 11-104(c) of this subtitle; or~~

~~(ii) a shared motor vehicle used for peer-to-peer car sharing and made available on a peer-to-peer car sharing program, as defined in § 19-520 of the Insurance Article.~~

~~11-104.~~

~~(e) (1) In this subsection:~~

~~(i) "short-term vehicle rental" means a rental of a passenger car, as defined in § 11-144.2 of the Transportation Article, or a vehicle that may be registered as a Class D, E, F, G, or M vehicle under Title 13, Subtitle 9 of the Transportation Article, for a period of 180 days or less under the following terms:~~

~~1. the vendor does not provide a driver for the vehicle as a part of the rental; and~~

~~2. if the vehicle is a passenger car, as defined in § 11-144.2 of the Transportation Article, a multipurpose passenger vehicle, or a motorcycle, the vehicle is not to be used to transport individuals or property for hire; and~~

~~(ii) “short term vehicle rental” does not include a rental of:~~

~~1. a dump truck, as described in § 13-019 of the Transportation Article;~~

~~2. a tow truck, as described in § 13-020 of the Transportation Article;~~

~~3. a farm vehicle exempt from the sales and use tax under § 11-201(a) of this title; or~~

~~4. a shared motor vehicle used for peer-to-peer car sharing and made available on a peer-to-peer car sharing program, as defined in § 19-520 of the Insurance Article and that is subject to sales and use tax under subsection (e-1) of this section.~~

~~(2) The sales and use tax rate for a short term vehicle rental [for a taxable price of \$2 or more] is:~~

~~(i) **10% OF THE TAXABLE PRICE**, if the vehicle is a passenger car, a multipurpose passenger vehicle, or a motorcycle[;~~

~~1. **23 cents** for each exact multiple of \$2; and~~

~~2. for that part of \$2 in excess of an exact multiple of \$2:~~

~~A. **1 cent** if the excess over an exact multiple of \$2 is at least 1 cent but less than 9 cents;~~

~~B. **2 cents** if the excess over an exact multiple of \$2 is at least 9 cents but less than 18 cents;~~

~~C. **3 cents** if the excess over an exact multiple of \$2 is at least 18 cents but less than 27 cents;~~

~~D. **4 cents** if the excess over an exact multiple of \$2 is at least 27 cents but less than 35 cents;~~

~~E. **5 cents** if the excess over an exact multiple of \$2 is at least 35 cents but less than 44 cents;~~

- ~~F. 6 cents if the excess over an exact multiple of \$2 is at least 44 cents but less than 53 cents;~~
- ~~G. 7 cents if the excess over an exact multiple of \$2 is at least 53 cents but less than 61 cents;~~
- ~~H. 8 cents if the excess over an exact multiple of \$2 is at least 61 cents but less than 70 cents;~~
- ~~I. 9 cents if the excess over an exact multiple of \$2 is at least 70 cents but less than 79 cents;~~
- ~~J. 10 cents if the excess over an exact multiple of \$2 is at least 79 cents but less than 87 cents;~~
- ~~K. 11 cents if the excess over an exact multiple of \$2 is at least 87 cents but less than 96 cents;~~
- ~~L. 12 cents if the excess over an exact multiple of \$2 is at least 96 cents but less than \$1.05;~~
- ~~M. 13 cents if the excess over an exact multiple of \$2 is at least \$1.05 but less than \$1.14;~~
- ~~N. 14 cents if the excess over an exact multiple of \$2 is at least \$1.14 but less than \$1.22;~~
- ~~O. 15 cents if the excess over an exact multiple of \$2 is at least \$1.22 but less than \$1.31;~~
- ~~P. 16 cents if the excess over an exact multiple of \$2 is at least \$1.31 but less than \$1.40;~~
- ~~Q. 17 cents if the excess over an exact multiple of \$2 is at least \$1.40 but less than \$1.48;~~
- ~~R. 18 cents if the excess over an exact multiple of \$2 is at least \$1.48 but less than \$1.57;~~
- ~~S. 19 cents if the excess over an exact multiple of \$2 is at least \$1.57 but less than \$1.66;~~
- ~~T. 20 cents if the excess over an exact multiple of \$2 is at least \$1.66 but less than \$1.74;~~

~~U. 21 cents if the excess over an exact multiple of \$2 is at least \$1.74 but less than \$1.83;~~

~~V. 22 cents if the excess over an exact multiple of \$2 is at least \$1.83 but less than \$1.92; and~~

~~W. 23 cents if the excess over an exact multiple of \$2 is at least \$1.92 but less than \$2.00]; or~~

~~(ii) 8% OF THE TAXABLE PRICE, if the vehicle is a vehicle that may be registered as a Class E, F, or G vehicle under Title 13, Subtitle 9 of the Transportation Article];~~

~~1. 8 cents for each exact dollar; and~~

~~2. 2 cents for each 25 cents or part of 25 cents in excess of an exact dollar];~~

~~(e-1) (1) The sales and use tax rate for sales and charges made in connection with a shared motor vehicle used for peer-to-peer car sharing and made available on a peer-to-peer car sharing program, as defined in § 19-520 of the Insurance Article, is [8%];~~

~~(1) (i) 10% SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH, 8% OF THE TAXABLE PRICE, IF THE VEHICLE IS A PASSENGER CAR, A MULTIPURPOSE PASSENGER VEHICLE, OR A MOTORCYCLE;~~

~~(ii) 11.5% OF THE TAXABLE PRICE, IF:~~

~~1. THE VEHICLE IS A PASSENGER CAR, A MULTIPURPOSE PASSENGER VEHICLE, OR A MOTORCYCLE; AND~~

~~2. IS PART OF A FLEET OF VEHICLES THAT INCLUDES AT LEAST FIVE VEHICLES OWNED BY THE SAME PERSON USED FOR PEER-TO-PEER CAR SHARING AND MADE AVAILABLE ON A PEER-TO-PEER CAR SHARING PROGRAM; OR~~

~~(2) (iii) 8% OF THE TAXABLE PRICE, IF THE VEHICLE IS A VEHICLE THAT MAY BE REGISTERED AS A CLASS E, F, OR G VEHICLE UNDER TITLE 13, SUBTITLE 9 OF THE TRANSPORTATION ARTICLE.~~

~~(2) (i) ON OR BEFORE OCTOBER 1 EACH YEAR THE COMPTROLLER SHALL CALCULATE FOR THE PRIOR FISCAL YEAR THE TOTAL SALES AND CHARGES THAT ARE SUBJECT TO THE TAX RATE UNDER PARAGRAPH (1)(i) OF THIS~~

~~SUBSECTION AS A PERCENTAGE OF THE TOTAL SALES AND CHARGES THAT ARE SUBJECT TO THE TAX RATE UNDER SUBSECTION (C)(2) OF THIS SECTION.~~

~~(H) SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH, IF THE PERCENTAGE CALCULATED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IS:~~

~~1. AT LEAST 5% BUT LESS THAN 10%, THE TAX RATE IS 9% OF THE TAXABLE PRICE;~~

~~2. AT LEAST 10% BUT LESS THAN 15%, THE TAX RATE IS 10% OF THE TAXABLE PRICE;~~

~~3. AT LEAST 15% BUT LESS THAN 20%, THE TAX RATE IS 11% OF THE TAXABLE PRICE; AND~~

~~4. AT LEAST 20%, THE TAX RATE IS 11.5% OF THE TAXABLE PRICE.~~

~~(III) EXCEPT AS PROVIDED IN SUBPARAGRAPH (IV) OF THIS PARAGRAPH, THE TAX RATE UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH SHALL APPLY TO ALL SALES AND CHARGES SUBJECT TO THE TAX RATE UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION THAT OCCUR ON OR AFTER JANUARY 1 OF THE NEXT CALENDAR YEAR AND UNTIL A SUBSEQUENT CALCULATION UNDER THIS PARAGRAPH RESULTS IN AN INCREASED TAX RATE FOR A SUBSEQUENT CALENDAR YEAR.~~

~~(IV) A TAX RATE MAY NOT BE REDUCED AS A RESULT OF A CALCULATION UNDER THIS PARAGRAPH.~~

~~SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect July 1, 2020.~~

~~SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in Section 3 of this Act, this Act shall take effect June 1, 2020.~~

Enacted under Article II, § 17(c) of the Maryland Constitution, May 8, 2020.