

Department of Legislative Services  
 Maryland General Assembly  
 2021 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

House Bill 1209  
 Ways and Means

(Delegate Luedtke)

Budget and Taxation

Sales and Use Tax - Peer-to-Peer Car Sharing - Alterations

This bill repeals the June 30, 2021 termination date for the 8% sales and use tax imposed on peer-to-peer car sharing and establishes a new sales and use tax rate for certain peer-to-peer car sharing beginning in fiscal 2022. In addition, sales and use tax revenue from peer-to-peer car sharing must be distributed to the Transportation Trust Fund (TTF) and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund (CB 2010) in the same manner as the sales and use tax revenue from short-term vehicle rentals. **The bill takes effect June 1, 2021, except for the sales and use tax provisions for peer-to-peer car sharing, which take effect July 1, 2021.**

Fiscal Summary

**State Effect:** Total State revenues increase by \$91,800 in FY 2022 and by \$117,900 in FY 2026. General fund/Blueprint for Maryland’s Future Fund (BMFF) revenues decrease by \$275,500 in FY 2022 and by \$353,600 in FY 2026. Special fund revenues (TTF and CB 2010) increase by \$367,300 in FY 2022 and by \$471,500 in FY 2026. Administrative expenditures for the Comptroller’s Office increase by a minimal amount in FY 2022.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
SF Revenue	\$367,300	\$401,200	\$426,000	\$448,900	\$471,500
GF/SF Rev.	(\$275,500)	(\$300,900)	(\$319,500)	(\$336,700)	(\$353,600)
GF Expenditure	\$-	\$0	\$0	\$0	\$0
Net Effect	\$91,800	\$100,300	\$106,500	\$112,200	\$117,900

Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

**Local Effect:** None.

**Small Business Effect:** Minimal.

## Analysis

**Bill Summary:** The sales and use tax rate for peer-to-peer car sharing continues at 8% beyond fiscal 2021; however, beginning in fiscal 2022, the sales and use tax rate is 11.5% if the vehicle is a passenger car, a multipurpose vehicle, or a motorcycle that is part of a fleet of vehicles that includes more than 10 vehicles owned by the same person.

### Current Law:

#### *Peer-to-peer Car Sharing*

A peer-to-peer car sharing program is an online platform that connects vehicle owners with drivers to enable the sharing of motor vehicles for financial consideration. Chapter 852 of 2018 established a (1) regulatory framework for peer-to-peer car sharing in the State and (2) a sales and use tax rate of 8% for related sales and charges, which was to terminate June 30, 2020, reverting to the standard 6% rate. Chapter 567 of 2020 extended the termination date of the 8% tax rate through June 30, 2021.

#### *Short-term Vehicle Rentals*

The State imposes an 11.5% sales and use tax on short-term rentals of passenger cars, multipurpose passenger vehicles, and motorcycles. The State collected \$70.4 million from short-term vehicle rentals in fiscal 2020, with 55% of the revenues allocated to CB 2010 and 45% to TTF.

**State Revenues:** Under current law, the sales and use tax rate on peer-to-peer car sharing will decline from 8% to 6% beginning in fiscal 2022. The State is estimated to collect approximately \$275,500 in State sales taxes from peer-to-peer car sharing in fiscal 2022 and \$353,600 in fiscal 2026.

As a result of the tax rate increases, total sales and use tax revenues from peer-to-peer car sharing will increase by \$91,800 in fiscal 2022 and by \$117,900 in fiscal 2026. Under current law, sales and use tax revenues from peer-to-peer car sharing are distributed between the general fund and the Blueprint for Maryland's Future Fund; however, beginning in fiscal 2022, the bill directs sales and use tax revenues from peer-to-peer car sharing to CB 2010 and TTF. **Exhibit 1** shows the effect of the bill on State revenues. This estimate does not include any additional revenues resulting from the 11.5% tax rate on vehicles used as part of a fleet. To the extent that peer-to-peer car sharing results from a vehicle within a fleet, the increase in State revenues will be higher.

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**Exhibit 1**  
**Fiscal Impact of Legislative Changes**  
**Fiscal 2022-2026**

<b><u>State Revenues</u></b>	<b><u>FY 2022</u></b>	<b><u>FY 2023</u></b>	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>	<b><u>FY 2026</u></b>
GF/BMFF	(\$275,500)	(\$300,900)	(\$319,500)	(\$336,700)	(\$353,600)
TTF	165,300	180,500	191,700	202,000	212,200
CB 2010	202,000	220,700	234,300	246,900	259,300
<b>Total</b>	<b>\$91,800</b>	<b>\$100,300</b>	<b>\$106,500</b>	<b>\$112,200</b>	<b>\$117,900</b>

BMFF: Blueprint for Maryland's Future Fund

CB 2010: Chesapeake and Atlantic Coastal Bays 2010 Trust Fund

GF: General Fund

TTF: Transportation Trust Fund

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**State Expenditures:** The Comptroller's Office will incur a one-time minimal expenditure increase in fiscal 2022 to notify individuals involved in peer-to-peer car sharing of the sales tax rate changes.

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**Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Comptroller's Office; Maryland Department of Transportation; Public Service Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - March 3, 2021  
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Analysis by: Michael Sanelli

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510