

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 888

(Senator Stone)

Finance

Environmental Matters

Vehicle Laws - Rental Vehicle Companies - Separately Stated Charges

This bill allows a rental vehicle company to charge specific separately stated fees to recover certain costs imposed by government entities, including titling and registration fees. In addition, the bill requires that such fees be clearly disclosed in any advertisement for a specific rental rate.

Fiscal Summary

State Effect: Assuming that the Consumer Protection Division within the Office of the Attorney General receives fewer than 50 complaints per year stemming from this bill, any additional workload could be handled with existing resources.

Local Effect: None.

Small Business Effect: Small rental vehicle companies that generate more than the annual costs of titling and registration through vehicle license fees would lose revenue; however, this effect is assumed to be minimal.

Analysis

Bill Summary: A rental vehicle company may charge a separately stated fee to recover:

- part of the company's titling and registration costs;
- any concession fees paid to a government-owned or -operated airport or other entity;

- any consolidated facility fees imposed by a government-owned or -operated entity; or
- any other fee or charge imposed by a government entity.

A rental vehicle company may set the titling and registration costs recovery fee, provided that the company does not seek to recover more than the costs of titling and registration. The fee must be described in the rental agreement as “the estimated per day per vehicle portion of the rental company’s total annual titling and registration costs.” This description must also be posted on the company web site for specified consumers.

If the amount collected by a fee to recover titling and registration costs in a 12-month period exceeds the company’s titling and registration costs for that time period, the company must retain the excess amount and adjust the fee for the following 12-month period by a corresponding amount.

Current Law: A person who rents a motor vehicle to a consumer must calculate the daily rental rate on a 24-hour period, starting at the time of the rental. The time of the rental must be noted on the rental agreement. Regardless of whether the consumer complies with a requirement to notify the rental company in advance of the intent to return a vehicle at a certain time, the company cannot charge the consumer for use of the vehicle after it has been returned.

A rental motor vehicle in the State does not necessarily have to be registered in this State if (1) it is registered in another state; and (2) the owner of the motor vehicle annually has registered a percentage of these motor vehicles in the rental fleet with the Motor Vehicle Administration. The percentage that has to be registered is determined by dividing the gross revenue received for the rental of such vehicles in this State by the total gross revenue generated across all jurisdictions, and applying that percentage to the total number of vehicles in the rental fleet.

Exhibit 1 shows the registration fee for specified rental vehicles as opposed to other vehicles of the same class.

Exhibit 1
Registration Fees for Rental Vehicles By Class

<u>Vehicle Type</u>	<u>Annual Rental Car Registration Fee</u>	<u>Annual Registration Fee for Other Vehicles</u>
Class A, 3,700 pounds and under	\$27.00	\$50.50
Class A, over 3,700 pounds	40.50	76.50
Class M, 3,700 pounds and under	27.00	50.50
Class M, over 3,700 pounds	40.50	76.50
Class E, ¾ tons or less (rated capacity)	33.75	63.75

Background: Several national rental vehicle companies, including Enterprise, Alamo, and National, charge a vehicle license fee, which is the per day recovery of the average annual cost to license and register its fleet in the applicable jurisdiction. States that permit this practice often do not require that the consumer be informed of this charge. These rates can run between 3% and 8% of the base rate for a rental vehicle.

Additional Information

Prior Introductions: None.

Cross File: HB 1229 (Delegate Moe) – Environmental Matters.

Information Source(s): SmarterTravel.com, Maryland Department of Transportation, Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

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