

Department of Legislative Services  
Maryland General Assembly  
2018 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1759 (Delegate Flanagan, *et al.*)  
Environment and Transportation

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Vehicle Laws - Personal Motor Vehicle Rentals

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This bill establishes a statutory framework for the rental of a personal motor vehicle to another person through the use of a personal motor vehicle rental program (more commonly known as peer-to-peer car sharing) and exempts this type of rental from existing laws that govern rental vehicles. A violation of the bill's prohibitions is a misdemeanor, as specified by the Maryland Vehicle Law, and a violator is subject to a maximum \$500 fine. In addition, a violation of the bill's requirements is an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil and criminal penalty provisions.

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Fiscal Summary

**State Effect:** The bill is not anticipated to have a material impact on State finances or operations, as discussed below.

**Local Effect:** The bill is not anticipated to have a material impact on local governmental finances or operations.

**Small Business Effect:** Minimal.

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## Analysis

### Bill Summary:

#### *Definitions and Applicability*

“Personal motor vehicle rental” means the paid use of a personal passenger motor vehicle by a person other than the registered owner through the use of a personal motor vehicle rental program. “Program” means the program or process (whether digital, electronic, or otherwise) used to make or facilitate a personal motor vehicle rental. “Provider” means a person that operates or administers a program. “Renter” means a person who rents a vehicle registered to another person through the use of a program.

The bill applies to a vehicle rental for a period of 180 days duration or less.

#### *Authorized Vehicles and Drivers*

The only vehicles that may be rented to another person through the use of a personal motor vehicle rental program are (1) personal Class A (passenger) vehicles; (2) Class E (truck) vehicles; or (3) Class M (multipurpose) vehicles. The renter of a Class A or Class M vehicle may not use the rented vehicle to transport individuals or property for hire. A vehicle used in a personal motor vehicle rental program must be inspected annually at a licensed State inspection station.

An owner or provider may not rent a vehicle to another person unless the vehicle (1) meets the minimum security required by law; (2) is inspected and certified annually by a registered mechanic; and (3) when using airport property to facilitate a rental, the owner or provider does so under an agreement with the Maryland Aviation Commission.

An owner or provider may not rent a vehicle to another person unless each individual who will operate the rented vehicle either (1) holds a driver’s license issued by the Motor Vehicle Administration (MVA) to drive the class of vehicle being rented or (2) is a nonresident who has and keeps an appropriate driver’s license from his or her state or country of origin and is at least 16 and one-half years old. In either case, the individual must provide the license to the owner or provider. If the individual has previously rented a vehicle from the owner or provider, the owner or provider must also confirm that the individual’s previously recorded driver’s license number is valid.

#### *Recordkeeping Requirements*

A provider that rents or facilitates a personal motor vehicle rental to another person must keep a record of (1) the registration number of the rented vehicle; (2) the name and address

of the renter; and (3) the driver's license number, expiration date, and date and place of issuance of any individual who will operate the rented vehicle. MVA or any police officer may inspect these records.

### **Current Law:**

#### *Required Security*

Maryland law requires an owner of a motor vehicle that is required to be registered in the State to maintain insurance for the vehicle during the registration period. The security required must provide at least the payment of claims:

- for bodily injury or death arising from an accident of up to \$30,000 for any one person and up to \$60,000 for any two or more persons;
- for property of others damaged or destroyed in an accident of up to \$15,000;
- unless waived or exempt by Chapters 425 and 426 of 2016, for personal injury protection of \$2,500 per person; and
- for uninsured motorist coverage (unless waived, the amount equals the amount of liability coverage provided under the policy; if waived, the amount equals the minimum required insurance for liability coverage).

#### *The Maryland Vehicle Law and Rental Vehicles*

The Maryland Vehicle Law governs rental vehicles. Generally, a violation of the Maryland Vehicle Law is a misdemeanor that carries a fine of up to \$500.

A rental vehicle must maintain the minimum security required by law. For a replacement vehicle (which is a type of rental vehicle that is loaned out to or rented temporarily by a person while the person's own vehicle is not in use because of a breakdown, repair, etc.), the security requirement may also be met if the rented vehicle's coverage is secondary to the person's personal insurance coverage, if the personal coverage maintains the required security. If applicable, this information must be disclosed to a renter in a specified manner.

A person may not rent a motor vehicle, trailer, or semitrailer to any other person unless the individual who will operate the rented vehicle either (1) holds a driver's license issued by MVA to drive or tow the class of vehicle being rented or (2) is a nonresident who has and keeps an appropriate driver's license from his or her state or country of origin and is at least the same age required of a resident to drive or tow the class of vehicle being rented. The lessor of the rented vehicle or the agent must inspect a renter's license to ensure it is valid and appropriate for the vehicle being rented. Each person who rents a motor vehicle to another person must keep specified records of the transaction, including the renter's

name, address, and driver's license number. MVA or any police officer may inspect these records.

It is a misdemeanor to violate any provision of the Maryland Vehicle Law, unless the violation is declared to be a felony or is punishable by a civil penalty, as specified.

### *Unfair or Deceptive Trade Practices*

An unfair or deceptive trade practice under MCPA includes, among other acts, any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services; the extension of consumer credit; the collection of consumer debt; or the offer for or actual purchase of consumer goods or consumer realty from a consumer by a merchant whose business includes paying off consumer debt in connection with the purchase of any consumer goods or consumer realty from a consumer.

The Consumer Protection Division of the Office of the Attorney General is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease and desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to \$1,000 for the first violation and up to \$5,000 for each subsequent violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

**Background:** Peer-to-peer car sharing programs, such as Turo and Getaround, are becoming more popular in the State as alternatives to traditional vehicle rentals from companies like Enterprise and Hertz. Similar to how Airbnb allows a person to rent his or her home directly to customers using the Airbnb program, personal vehicle rental programs allow a vehicle owner to rent his or her private vehicle to another person through an online financial transaction. In some cases, the renter may pick up the vehicle directly from the owner's home, while in others, both parties may arrange another location to pick up and drop off the vehicle. The financial transaction takes place between the vehicle owner and the renter with the personal vehicle rental program acting as a broker, which guarantees some level of protection for, and good faith between, the vehicle owner and the renter.

Currently, Turo is the most common peer-to-peer car sharing program that operates in the State. Turo maintains a commercial insurance policy that acts as primary for the vehicle

owner and secondary for the vehicle driver in the event of an accident while a car is being shared through its program.

**State Fiscal Effect:** The Office of the Attorney General, the Department of State Police, the Maryland Insurance Administration, and MVA all advise that the bill's requirements can be handled with existing resources. Further, the bill's imposition of existing penalty provisions is not anticipated to have a material effect on State revenues or expenditures.

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### **Additional Information**

**Prior Introductions:** SB 1056 of 2017, a related bill, received a hearing in the Senate Finance Committee, but no further action was taken. Its cross file, HB 1520, was referred to interim study by the House Environment and Transportation Committee.

**Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Department of State Police; Maryland Department of Transportation; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - March 12, 2018  
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