

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1187
Economic Matters

(Delegate Fraser-Hidalgo, *et al.*)

Peer-to-Peer Car Sharing Programs - Insurance and Liability

This bill modifies specified liability requirements for peer-to-peer car sharing programs to more closely align with the current regulation of traditional vehicle rentals. Specifically, the bill (1) authorizes part or all of the motor vehicle liability insurance covering a vehicle while it is being used for peer-to-peer car sharing to be provided by a shared vehicle driver; (2) includes specifications for accidents and incidents that occur in another state during a car sharing period; (3) authorizes a peer-to-peer car sharing program to transfer monetary liability and charge drivers for any toll, fee, charge, or fine imposed during a car sharing period, as specified; and (4) clarifies that a peer-to-peer car sharing program is not liable for a citation issued through a traffic control signal monitoring (red light camera) system.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Insurance for Shared Motor Vehicles

The bill authorizes part or all of the motor vehicle liability insurance covering a motor vehicle while it is being used for peer-to-peer car sharing to be provided by a shared vehicle

driver. The bill makes a series of conforming changes to ensure that a driver's personal motor liability insurance policy may be considered primary (meaning it pays out first in the event of an accident) during any car sharing period instead of only during a car sharing period in which the shared vehicle is being used as a replacement vehicle.

The peer-to-peer car sharing program must ensure that, during each car sharing period, the shared vehicle owner and driver are insured under a motor vehicle liability insurance policy that does not exclude the use of the shared motor vehicle by a shared vehicle driver.

Accidents and Incidents in Other States

If a claim that arises out of an occurrence during the car sharing period occurred in another state with minimum financial responsibility limits higher than those required in Maryland, the insurance policy or policies that apply during the car sharing period *must* satisfy the difference in minimum coverage amounts, up to the applicable policy limits.

Tolls, Fees, Charges, and Fines during Car Sharing

A peer-to-peer car sharing program may transfer monetary liability and charge a shared vehicle driver for any toll, fee, charge, or fine imposed for any act or omission involving the shared motor vehicle that occurred while the vehicle was under the control or possession of the shared vehicle driver during the car sharing period.

Current Law:

Peer-to-peer Car Sharing Programs

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; (2) a sales and use tax rate of 8% for related sales and charges; and (3) regulatory processes for rates and fees charged to a renter through a program. Chapter 9 of the 2021 special session specifies that, beginning in fiscal 2022, the sales and use tax rate for peer-to-peer car sharing 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.

The regulatory framework for peer-to-peer car sharing established by Chapter 852 included motor vehicle insurance requirements and specifications for vehicles used for peer-to-peer car sharing. Specifically, the peer-to-peer car sharing program must assume the liability of the *owner* of a shared vehicle during a car sharing period (*i.e.*, when the vehicle is being used through the program). Additionally, during a car sharing period, the vehicle being

shared must be covered by a liability insurance coverage policy maintained by a shared vehicle owner, the peer-to-peer car sharing program, or a combination of both. This policy must be *primary* (meaning it pays out first in the event of an accident) during a car sharing period to any coverage provided by the driver. However, if the shared vehicle is being used as a replacement vehicle (meaning the vehicle is being used to temporarily replace the driver's main vehicle while it is being repaired), then the policy may be *secondary* to any coverage provided by the vehicle driver (meaning that it would pay out after the driver's personal coverage).

Red Light Camera Systems

Unless the driver of a motor vehicle receives a citation from a police officer at the time of the violation, the owner or driver of a vehicle recorded by a traffic control signal monitoring system entering an intersection against a red signal in violation of the Maryland Vehicle Law is subject to a civil penalty of up to \$100. Red light camera enforcement applies to a violation of specified Maryland Vehicle Law requirements applicable to a vehicle approaching a steady circular red signal or arrow, including (1) stopping at a clearly marked stop line, or crosswalk if there is no stop line, or intersection if there is no crosswalk and (2) remaining stopped until a signal allows the vehicle to proceed.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Department of Transportation; Maryland Insurance Administration; Judiciary (Administrative Office of the Courts); Department of Legislative Services

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km/jc

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