

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
 Third Reader

House Bill 1464

(Delegate Stewart)

Environment and Transportation

Judicial Proceedings

Motor Vehicles – Rental Fleet Vehicles – Registration

This bill establishes an alternative registration process for rental fleet vehicles and requires the Motor Vehicle Administration (MVA) to issue distinctive registration plates for rental vehicles registered under the alternative process. Under the bill, the owner of a fleet of five or more rental vehicles may register any rental vehicle in the fleet (1) under the bill’s provisions or (2) under current statutory provisions that apply to the registration of rental vehicles. MVA may not require the attachment, display, or issuance of a validation tab for such a vehicle. To the extent practicable, registration of each rental vehicle that is part of the same fleet must expire on the same date. The annual registration fee for a rental vehicle is the same registration fee that applies to rental vehicles (*i.e.*, of the applicable class) under current law. In addition to the annual registration fee, an owner of a rental vehicle registered under the bill must pay a one-time initial registration fee of up to \$8.50 when the new registration plates are issued.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues increase from FY 2026 through 2028 (ranging from \$208,000 to \$69,300) due to payment of the one-time registration fee. Likewise, TTF expenditures increase from FY 2026 through 2028 (ranging from \$293,600 to \$107,900) to produce and mail the registration plates, as required by the bill. TTF revenues and expenditures are likely not materially affected after FY 2028, as discussed below.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$208,000	\$277,300	\$69,300	-	-
SF Expenditure	\$293,600	\$411,100	\$107,900	-	-
Net Effect	(\$85,600)	(\$133,800)	(\$38,600)	(\$-)	(\$-)

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

Local Effect: The bill does not materially affect local finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Registration fees for rental vehicles differ from standard vehicle registration fees. **Exhibit 1** shows the annual registration fee for various classes of rental vehicles.

Exhibit 1 Annual Vehicle Registration Fees for Rental Vehicles by Class

<u>Class of Rental Vehicle</u>	<u>Registration Fee (Annual)</u>
A (passenger) / M (multipurpose)	
≤ 3,700 lbs.	\$27.00
> 3,700 lbs.	40.50
D (motorcycle)*	55.00
E (truck)**	33.75
F (tractor)	Variable
G (nonfreight trailer)	Variable
G (freight trailer or semitrailer)***	20.25

* Increases to \$65.00 on July 1, 2025.

** Lower-weight vehicles within this class pay a fixed registration fee, while higher-weight vehicles pay a variable registration fee based on weight increments.

*** In addition to a variable registration fee based on weight increments.

Source: Department of Legislative Services

State Fiscal Effect: MVA advises that, as of February 2025, there are 280 businesses with active rental fleets of over five vehicles, totaling approximately 65,250 vehicles. These vehicle fleets are all assumed to participate in the bill's registration process and obtain the registration plates required under the bill. This analysis assumes no significant growth in the number of vehicles participating in the alternative registration process once the bill takes effect.

As shown in Exhibit 1, under current law, fleet vehicles pay the fee applicable to the vehicle class upon registration. As the bill does not exempt vehicles from standard registration fees

when registering under the alternative registration process, the one-time \$8.50 fee is an additional (*i.e.*, not a substitute) fee that results in additional TTF revenues.

The 65,250 vehicles are assumed to be distributed evenly across fiscal years for registration purposes; therefore, taking into account the bill's October 1, 2025 effective date, approximately 24,469 vehicles are expected to register under the alternative registration process in fiscal 2026. Accordingly, TTF revenues increase by \$207,984 in fiscal 2026, \$277,313 in fiscal 2027, and \$69,328 in fiscal 2028. This revenue pattern reflects approximately 32,625 vehicles registering annually (with 8,156 vehicles registering for the first time in fiscal 2028 because they were ineligible in fiscal 2026 due to the bill's effective date). As the \$8.50 registration fee is a one-time fee, the entire currently eligible population is anticipated to have registered and paid the one-time fee by the end of fiscal 2028, resulting in no material effect on TTF revenues in subsequent years.

The bill specifies that a vehicle registering under the alternative registration process is not required to attach or display a validation tab (*i.e.*, registration sticker). While this results in cost savings, the overall savings are assumed to be minimal, as MVA must still mail a registration card upon initial registration and renewal (MVA currently mails *both* a registration card and a registration sticker but will only mail the card under the bill).

Assuming MVA continues mailing out registration cards (but without stickers), TTF expenditures increase for only three years (fiscal 2026 through 2028) as the eligible population of vehicles registers and obtains new registration plates. TTF expenditures (of \$293,625 in fiscal 2026, \$411,075 in fiscal 2027, and \$107,907 in fiscal 2028) reflect the cost of producing and mailing the new registration plates, with a 5% increase in production/ mailing costs each year. After all currently eligible vehicles have obtained the new registration plates by the end of fiscal 2028, there is no material effect on TTF expenditures in subsequent years.

Small Business Effect: To the extent that small businesses have a fleet of active vehicles registered as short-term rentals and choose to participate in the alternative registration process established by the bill, they are subject to the procedures of the new registration process and will also be subject to the initial \$8.50 fee.

Additional Information

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

Designated Cross File: SB 863 (Senator Muse) - Judicial Proceedings.

Information Source(s): Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2025
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Analysis by: Eric F. Pierce

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