

SENATE BILL 374

Q5, R4

6lr2401
CF 6lr2653

By: **Senators Beidle and Hershey**

Introduced and read first time: January 27, 2026

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Transportation – Rental Cars – Excise Tax Exemption**

3 FOR the purpose of providing an exemption for certain rental vehicles from the vehicle
4 excise tax; and generally relating to the vehicle excise tax and rental vehicles.

5 BY repealing and reenacting, with amendments,
6 Article – Transportation
7 Section 8–402(b), 13–809(c)(1), and 13–810(a)(24) and (25)
8 Annotated Code of Maryland
9 (2020 Replacement Volume and 2025 Supplement)

10 BY adding to
11 Article – Transportation
12 Section 13–810(a)(26)
13 Annotated Code of Maryland
14 (2020 Replacement Volume and 2025 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
16 That the Laws of Maryland read as follows:

17 **Article – Transportation**

18 8–402.

19 (b) All revenues collected from the following, after deductions provided by law,
20 shall be credited to the Gasoline and Motor Vehicle Revenue Account:

21 (1) All of the motor vehicle fuel tax;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2) Except as otherwise provided by law, two-thirds of the revenue from the vehicle titling tax, excluding revenue attributable to[:

(i) A] A vehicle titling tax rate in excess of 6%[; or

(ii) The vehicle titling tax imposed on rental vehicles under § 13-809(c)(1)(ii) of this article];

(3) Except for revenues collected under Title 13, Subtitle 9, Parts III and IV of this article, vehicle registration fees;

(4) The revenue disbursed to this Account under § 2-614 of the Tax – General Article; and

(5) 80% of the funds distributed on short-term vehicle rentals under § 2-1302.1 of the Tax – General Article to the Transportation Trust Fund from the sales and use tax.

13-809.

(c) (1) Except as provided in subsection (b)(2) of this section, the tax imposed by this section is[:

(i) Except as provided in item (ii) of this paragraph,] 6.5% of the fair market value of the vehicle[; or

(ii) For a rental vehicle, 3.5% of the fair market value of the vehicle].

13-810.

(a) On issuance in this State of an original or subsequent certificate of title for a vehicle, the vehicle is exempt from the excise tax imposed by this part, if it is:

(24) A vehicle acquired by a religious, charitable, or volunteer organization exempt from taxation under § 501(c) of the Internal Revenue Code, the Department of Human Services, or a local department of social services for the purpose of transferring the vehicle to a Family Investment Program recipient or an individual certified by the Department of Human Services or a local department of social services as eligible for the transfer; [or]

(25) A vehicle that is transferred to a trust or from a trust to one or more beneficiaries in accordance with § 14.5-1001 of the Estates and Trusts Article; **OR**

(26) A RENTAL VEHICLE.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2026.