

Opposed to SB-688

Budget and Tax Committee

Sponsor By: Senator Hayes

By: Mike DeLorenzo President of NextCar Rental and Leasing

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**Opposed to SB-688**

I have attached for your review a summary of how the current car rental tax system increases the tax revenues brought into the state treasury. I was closely involved back in 1994 with then Senator Amoss in proposing and then passing the current tax system. As you can see the average Maryland Resident Pays \$236 per year in excise tax while the average rental car pays 6 times more - \$1423 per year in taxes to the state.

The current tax system is the only system that will generate tax revenues when a car with out of state license plates is rented to a customer in Maryland. If the Senate passes SB-688 in its current form and goes back to the old system of taxing the purchase of rental cars bought only by companies operating in Maryland it will shift the tax burden to a much smaller population of market participants and in fact generate less tax revenues.

**Please feel free to ask me any questions you have. Please vote unfavorable on this bill.**

Sincerely

Mike DeLorenzo

Average Resident - Rental Car - Tax Comparison

	A	B	C	D	E	F	G	H	I
1	Data Source - Maryland Dept of Motor Vehicles Web Site								
2	<b>Year</b>	<b>Month</b>	<b>New Vehicles Sold (Count)</b>	<b>Taxable Sales New Vehicles Sold</b>	<b>Average Tax per New Vehicle (D/C)*6%</b>	<b>Used Vehicles Sold (Count)</b>	<b>Taxable Sales Used Vehicles Sold</b>	<b>Average Tax per Used Vehicle (G/F)*6%</b>	<b>Avg Tax Paid Per Vehicle (New + Used) ((D+G)/(C+F)*6%</b>
3	2020	JAN	27,704	\$1,045,539,743	\$2,264	57,577	\$727,641,906	\$758	\$1,248
4	2020	FEB	22,344	\$802,833,375	\$2,156	55,032	\$660,514,435	\$720	\$1,135
5	2020	MAR	23,873	\$853,033,479	\$2,144	58,963	\$734,371,921	\$747	\$1,150
6	2020	APR	13,700	\$495,796,657	\$2,171	29,420	\$372,792,902	\$760	\$1,209
7	2020	MAY	14,835	\$518,292,774	\$2,096	37,572	\$403,317,249	\$644	\$1,055
8	2020	JUN	23,704	\$821,297,823	\$2,079	63,395	\$699,671,992	\$662	\$1,048
9	2020	JUL	26,190	\$995,093,228	\$2,280	61,905	\$746,109,876	\$723	\$1,186
10	2020	AUG	27,372	\$1,033,767,509	\$2,266	59,328	\$696,083,170	\$704	\$1,197
11	2020	SEP	27,733	\$1,063,945,651	\$2,302	54,035	\$649,440,784	\$721	\$1,257
12	2020	OCT	24,777	\$937,336,920	\$2,270	49,328	\$596,988,709	\$726	\$1,242
13	2020	NOV	20,824	\$790,591,350	\$2,278	38,696	\$472,376,286	\$732	\$1,273
14	2020	DEC	13,315	\$520,466,711	\$2,345	26,736	\$265,465,411	\$596	\$1,177
15	<b>Total</b>	<b>2020</b>	<b>266,371</b>	<b>\$9,877,995,220</b>	<b>\$2,225</b>	<b>591,987</b>	<b>\$7,024,774,641</b>	<b>\$712</b>	<b>\$1,182</b>
16	<b>Maryland Resident Effective Excise Tax Paid Per Year when Vehicle is Kept for 5 Years</b>				<b>\$445</b>			<b>\$142</b>	<b>\$236</b>
17					<u>Per Car Per Year over 5 Years</u>			<u>Per Car Per Year over 5 Years</u>	<u>Per Car Per Year over 5 Years</u>
19	<b>Average Maryland Car Rental Tax Paid ----&gt; Per Vehicle Per Year</b>				<b>\$1,031</b>	12	<b>\$12,372</b>	<b>11.50%</b>	<b>\$1,423</b>
20	Data Source - Auto Rental News Fact Book 2020 page 14				<u>Industry Average Revenue Per Car Per Month</u>	<u>Months</u>	<u>Industry Average Revenue Per Car Per Year</u>	<u>Car Rental Tax Rate</u>	<u>Industry Average Tax Paid Per Car Per Year</u>