



Maryland Motor Truck Association

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HEARING DATE: February 18, 2021

BILL NO/TITLE: House Bill 869: Sales and Use and Vehicle Excise Taxes – Peer-to-Peer Car Sharing and Short-Term Vehicle Rentals – Alterations and Distribution

COMMITTEE: House Ways & Means Committee

POSITION: **Oppose**

Maryland Motor Truck Association (MMTA) appreciates the effort to harmonize the sales tax rate on passenger rental cars and those vehicles used for peer-to-peer car sharing; however, the Association opposes this legislation because it will subject short term rental trucks to the excise tax (from which they are currently exempt) without offering them a similar reduction in the sales tax rate that is being given to rental cars. As it is drafted, the passage of this legislation will have a potential dramatic impact on the cost for a small company to rent a truck.

Under current law, the sales tax rate on short-term rental cars is 11.5%; on short-term trucks it is 8%. This difference was established because it was recognized by the General Assembly that typically rental car customers are from out-of-state, while truck rentals are almost always done by individuals or companies that are located in Maryland. All rental vehicles (both cars and trucks) are exempt from the excise tax (6%). Peer-to-peer cars are subject to the excise tax, but only pay an 8% sales tax.

HB869 attempts to harmonize the current 8% sales tax paid by peer-to-peer cars by applying the same 8% to rental cars (a reduction of 3.5% over what they are paying now). In exchange for the sales tax reduction on rental cars, all rental vehicles (including trucks) become subject to the 6% excise tax. For rental trucks who are already paying an 8% sales tax, they receive no reduction in the sales tax and would now also be subject to the 6% excise tax. Essentially rental trucks get hit with the excise tax even though they do not get the benefit of a reduced sales tax.

Without an amendment, the passage of HB869 will result in two impacts on truck rentals:

1. It will force rental companies to purchase and register their trucks in other states to avoid paying the excise tax; or
2. It will result in an increase in cost for those individuals and companies renting trucks, which are overwhelmingly small local businesses. 90% of the trucking industry operates three or fewer trucks.

Should the Committee choose to move forward with this legislation, we encourage the following amendment.

Amendment:

- On page 6, in line 25, delete “or”
- On page 6, in line 26, insert “(25) A rental vehicle that may be registered as a Class E, F, or G vehicle under Title 13, Subtitle 9 of the Transportation Article for a period of 180 days or less; or”
- On page 6, in line 27, delete “(25)” and insert “(26)”

This amendment would retain the bill’s primary intent of lowering the sales tax rate on rental passenger cars, harmonizing the rate between rental cars and peer-to-peer vehicles, and subjecting both types of vehicles to the excise tax while retaining the existing exemption for trucks.

About Maryland Motor Truck Association: Maryland Motor Truck Association is a not-for-profit trade association representing the trucking industry since 1935. In service to its 1,000+ members, MMTA is committed to supporting and advocating for a safe, efficient and profitable trucking industry across all sectors and industry types, regardless of size, domicile or type of operation.

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