

# Maryland Legislative History of the Rental Car Titling Tax

## SB 193 (1981)

- Raised the retail sales tax for consumers who rent cars from 5% to 8%
- Provided a credit against the titling tax paid by rental car companies on fleet purchases

## Fiscal Note

Sales Tax Increase	+\$903,000
Titling Tax Exemption	-\$855,000
Net Revenue to State	+\$48,000

## SB 620 (1993)

- Exempted short-term rental companies from the titling tax
- Increased the retail sales tax rate to 10% for consumers who rent cars
- Department of Transportation warned of the "significant exemption" from the titling tax combined with overstating sales tax receipts

## Fiscal Note

Trans. Trust Fund	+\$400,000
General Fund	-\$1,300,000
Net Revenue to State	-\$900,000

*SB 620 represents our initial draft of a plan to ease the impact of the titling tax on this industry while holding the State revenues neutral.*

*-Written testimony by the Maryland Rental Car Coalition to the Budget and Taxation Committee, Feb. 19, 1993*

## Status of Rental Car Titling Tax Exemption in 2021

- Collection of short-term rental tax from consumers fail to recoup industry tax exemption as designed in 1981 and pitched by industry in 1993
- Annual revenue loss of \$84.4m (FY19 and FY20) from exemption from titling tax for cars purchased for fleets by rental car companies (*Comptroller's Tax Expenditure Report, FY20, pg. 36*)
- Annual revenue of \$34.4m (FY19) and \$31.6m (FY20) from 11.5% retail sales tax on consumer rental transactions (*Maryland Tax Board Report, Dec. 2020, pg. 34*)

## Maryland State Revenue (FY19)

Rental Car Title Tax Exemption	-\$84,400,000
Consumer Retail Sales Tax Revenue	+\$34,400,000
Annual Net Revenue to State	-\$50,400,000