

Maryland Motor Truck Association



NOTHING WITHOUT
TRUCKING

HEARING DATE: February 18, 2025

BILL NO/TITLE: HB898: Transportation - Vehicle Excise Tax - Rental Vehicles

COMMITTEE: House Ways & Means

POSITION: **Oppose**

Maryland Motor Truck Association (MMTA) respectfully opposes HB898, which would impose a vehicle excise tax of 3.5% on the fair market value of a rental vehicle.

While MMTA understands the need to continue generating transportation revenues, the proposed change overlooks that rental vehicles **already pay sales tax up to 11.5% on all charges in a rental contract except fuel. In addition, the normal vehicle excise tax of 6% is collected at the time a rental company discharges the vehicle and sells it to another party.** According to the Truck Renting and Leasing Association, the average truck rental company keeps its vehicles for 5 years, meaning these vehicles are turned over much more frequently, and in much higher volumes since they are fleet owned, than a traditional household-owned vehicle.

The current sales tax process on rental vehicles was recognized by the General Assembly in 1998, whereby the legislative body revised a complex double taxation and credit process for these vehicles by exempting short-term rental vehicles from the motor vehicle excise tax. This addressed concerns that **imposing the excise tax put local rental vehicle companies and their customers at a competitive disadvantage with their multistate counterparts,** who could choose to title and register their vehicles elsewhere.

For the reasons noted above, MMTA respectfully asks for an unfavorable report.

About Maryland Motor Truck Association: Maryland Motor Truck Association is a non-profit trade association that has represented the trucking industry since 1935. In service to its 1,000 members, MMTA is committed to support, advocate and educate for a safe, efficient and profitable trucking industry in Maryland.

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