



# CHESAPEAKE BAY FOUNDATION

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## House Bill 585 Transportation - Rental Cars - Excise Tax Exemption

**Date:** February 10, 2026

**To:** Ways & Means Committee

**Position:** INFO

**From:** Matt Stegman,  
Maryland Staff Attorney

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The Chesapeake Bay Foundation (CBF) wishes to provide the committee with information relevant to its consideration of House Bill 585. The bill would exempt certain rental vehicles from the vehicle excise tax, among other provisions.

Revenue from the rental vehicle excise tax is deposited into the Gasoline and Motor Fuel Revenue Account, which not only supports transportation infrastructure, but is also one of the primary funding sources for Chesapeake Bay restoration efforts supported by the Atlantic and Coastal Bays 2010 Trust Fund and the Waterway Improvement Fund.

**The Chesapeake and Atlantic Coastal Bays 2010 Trust Fund** directly supports on-the-ground projects that address nonpoint source pollution in all regions of the state and is critical in funding agricultural practices that reduce nutrient runoff into local waterways. From FY 2009 to FY 2024, Trust Fund investments have leveraged more than \$283 million in outside funds, reduced nitrogen inputs by more than 1.5 million pounds, and prevented more than 200,000 pounds of phosphorus from reaching Bay waters.

**The Waterway Improvement Fund** is one of the only sources of State support for living shoreline projects. Living shorelines are a proven natural approach to protecting tidal shorelines from erosion. Living shorelines are the only shoreline stabilization approach that can naturally adapt to rising sea levels, preventing flooding and property loss. Sea level rise threatens more than 110,500 homes in the Chesapeake region, with estimated losses topping \$34 billion. Waterway Improvement Funds will be needed more than ever in future years to support climate resiliency and maintain our waterways.

CBF does not have a position on the merits of this particular change to Maryland tax policy, but would encourage the Committee to consider ways to ensure Maryland's conservation program funding sources remain sustainable now and in the future.

For more information, please contact Matt Stegman, Maryland Staff Attorney, at [mstegman@cbf.org](mailto:mstegman@cbf.org).

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*The Chesapeake Bay Foundation (CBF) is a non-profit environmental education and advocacy organization dedicated to the restoration and protection of the Chesapeake Bay. With over 200,000 members and e-subscribers, including 71,000 in Maryland alone, CBF works to educate the public and to protect the interest of the Chesapeake and its resources.*