



HEARING DATE: February 10, 2026

BILL NO/TITLE: HB585: Transportation - Rental Cars - Excise Tax Exemption

COMMITTEE: House Ways & Means

POSITION: **Support**

Maryland Motor Truck Association (MMTA) urges the passage of HB585, which would repeal the vehicle excise tax of 3.5% on rental vehicles.

While MMTA understands the need to continue generating transportation revenues, the implementation of an excise tax on rental vehicles ignored that a sales tax up to 11.5% is already charged to the consumer on a rental vehicle contract. The imposition of the excise tax constrains inventory and is in direct conflict with long-standing tax policy whereby businesses purchase goods for resale, with the final tax paid by the end user.

In addition, the normal motor vehicle excise tax 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 trucks are turned over much more frequently, and in much higher volumes since they are fleet owned, than a traditional household-owned vehicle.

The challenge of imposing an excise tax on a rental vehicle 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 a favorable 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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