



Wes Moore
Governor
Aruna Miller
Lieutenant Governor
Kathryn Thomson
Acting Secretary

February 5, 2026

The Honorable Jheanelle K. Wilkins
Chair, Ways and Means Committee
131 Taylor House Office Building
Annapolis, MD 21401

RE: Letter of Information – House Bill 585 – Transportation – Rental Cars – Excise Tax Exemption

Dear Chair Wilkins and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on House Bill 585 and offers the following information for the Committee's consideration.

During the 2025 legislative session, the General Assembly applied the vehicle titling tax to the purchase of rental vehicles. This tax increase was part of a funding package that allowed MDOT to maintain funding for critical State-wide capital projects including, but not limited to the Light Rail Modernization Program, I-81, US-15, and the reconstruction of Dundalk Marine Terminal Berths 11-13 Phase I & II.

This legislation would reduce revenues to the Transportation Trust Fund (TTF) by eliminating the vehicle titling tax for the purchase of a rental vehicle. Currently, the vehicle titling tax of 3.5% on the purchase of rental vehicles is projected to generate approximately \$30 million annually. MDOT's FY 2026-2031 financial plan fully programs every available dollar to its debt service, operating budget, and capital budget. Due to the revenue reduction resulting from this legislation, MDOT would have to either decrease operating or capital budgets, or both, to account for this revenue loss.

The Maryland Department of Transportation respectfully requests the committee consider this information during its deliberation of House Bill 585.

Respectfully submitted,

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