

# SENATE BILL 573

Q4

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CF HB 841

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By: **Senators McCray and Beidle**

Introduced and read first time: January 31, 2020

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Committee amendments withdrawn, March 2, 2020

Senate action: Adopted with substitute committee amendments, March 3, 2020

Read second time: March 3, 2020

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Sales and Use Tax – ~~Short-Term Rental Vehicles and Peer-to-Peer Car Sharing~~**  
3 **– Rate Alteration and Sunset Repeal**

4 FOR the purpose of repealing the termination of certain provisions of law making sales and  
5 charges related to peer-to-peer car sharing subject to a certain sales and use tax  
6 rate; requiring the Comptroller to distribute revenue from the sales and use tax  
7 imposed on peer-to-peer car sharing in a certain manner; requiring the Comptroller,  
8 on or before a certain date, to calculate a certain percentage; altering, under certain  
9 circumstances, the sales and use tax rate imposed on ~~certain short-term vehicle~~  
10 ~~rentals and~~ shared motor vehicles used for peer-to-peer car sharing; ~~repealing a~~  
11 ~~certain obsolete provision~~ providing that a certain calculation may not result in the  
12 reduction of a certain tax rate; providing for the effective dates of this Act; and  
13 generally relating to the sales and use tax on ~~short-term rental vehicles and~~  
14 peer-to-peer car sharing.

15 BY repealing and reenacting, with amendments,  
16 Chapter 852 of the Acts of the General Assembly of 2018  
17 Section 7

18 BY repealing and reenacting, with amendments,  
19 Article – Tax – General  
20 Section 2-1302.1 and ~~11-104(e) and (e-1)~~ 11-104(c-1)  
21 Annotated Code of Maryland  
22 (2016 Replacement Volume and 2019 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, without amendments,  
2 Article – Tax – General  
3 Section 11–101(l)(4) and 11–104(c)  
4 Annotated Code of Maryland  
5 (2016 Replacement Volume and 2019 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
7 That the Laws of Maryland read as follows:

8 **Chapter 852 of the Acts of 2018**

9 SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in Section  
10 6 of this Act, this Act shall take effect July 1, 2018. [Section 3 of this Act shall remain  
11 effective for a period of 2 years and, at the end of June 30, 2020, Section 3 of this Act, with  
12 no further action required by the General Assembly, shall be abrogated and of no further  
13 force and effect.]

14 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
15 as follows:

16 **Article – Tax – General**

17 2–1302.1.

18 [(a)] Except as otherwise provided in this section, after making the distributions  
19 required under §§ 2–1301 and 2–1302 of this subtitle, of the sales and use tax collected [on  
20 short-term vehicle rentals] under § 11–104(c) AND (C–1) of this article **ON SHORT-TERM**  
21 **VEHICLE RENTALS AND PEER-TO-PEER CAR SHARING**, the Comptroller shall  
22 distribute:

23 (1) 45% to the Transportation Trust Fund established under § 3–216 of the  
24 Transportation Article; and

25 (2) the remainder to the Chesapeake and Atlantic Coastal Bays 2010 Trust  
26 Fund.

27 [(b)] For each fiscal year beginning on or before July 1, 2015, after the distribution  
28 required under subsection (a)(1) of this section, the Comptroller shall distribute the  
29 remainder of the sales and use tax collected on short-term vehicle rentals under § 11–104(c)  
30 of this article as follows:

31 (1) to the General Fund of the State:

32 (i) \$9,249,199 for the fiscal year beginning July 1, 2014; and

1 (ii) \$8,639,632 for the fiscal year beginning July 1, 2015; and

2 (2) the remainder to the Chesapeake and Atlantic Coastal Bays 2010 Trust  
3 Fund.]

4 11–101.

5 (l) (4) “Taxable price” includes all sales and charges, including insurance,  
6 freight handling, equipment and supplies, delivery and pickup, cellular telephone, and  
7 other accessories, but not including sales of motor fuel subject to the motor fuel tax, made  
8 in connection with:

9 (i) a short–term vehicle rental, as defined in § 11–104(c) of this  
10 subtitle; or

11 (ii) a shared motor vehicle used for peer–to–peer car sharing and  
12 made available on a peer–to–peer car sharing program, as defined in § 19–520 of the  
13 Insurance Article.

14 11–104.

15 (c) (1) In this subsection:

16 (i) “short–term vehicle rental” means a rental of a passenger car, as  
17 defined in § 11–144.2 of the Transportation Article, or a vehicle that may be registered as  
18 a Class D, E, F, G, or M vehicle under Title 13, Subtitle 9 of the Transportation Article, for  
19 a period of 180 days or less under the following terms:

20 1. the vendor does not provide a driver for the vehicle as a  
21 part of the rental; and

22 2. if the vehicle is a passenger car, as defined in § 11–144.2  
23 of the Transportation Article, a multipurpose passenger vehicle, or a motorcycle, the vehicle  
24 is not to be used to transport individuals or property for hire; and

25 (ii) “short–term vehicle rental” does not include a rental of:

26 1. a dump truck, as described in § 13–919 of the  
27 Transportation Article;

28 2. a tow truck, as described in § 13–920 of the Transportation  
29 Article;

30 3. a farm vehicle exempt from the sales and use tax under §  
31 11–201(a) of this title; or

1                                   4.     a shared motor vehicle used for peer-to-peer car sharing  
2 and made available on a peer-to-peer car sharing program, as defined in § 19-520 of the  
3 Insurance Article and that is subject to sales and use tax under subsection (c-1) of this  
4 section.

5                                   (2)    The sales and use tax rate for a short-term vehicle rental ~~for~~ for a taxable  
6 price of \$2 or more ~~is~~ is:

7                                   (i)     ~~10% OF THE TAXABLE PRICE,~~ if the vehicle is a passenger car,  
8 a multipurpose passenger vehicle, or a motorcycle ~~is~~:

9                                   1.     23 cents for each exact multiple of \$2; and

10                                  2.     for that part of \$2 in excess of an exact multiple of \$2:

11                                  A.     1 cent if the excess over an exact multiple of \$2 is at least  
12 1 cent but less than 9 cents;

13                                  B.     2 cents if the excess over an exact multiple of \$2 is at least  
14 9 cents but less than 18 cents;

15                                  C.     3 cents if the excess over an exact multiple of \$2 is at least  
16 18 cents but less than 27 cents;

17                                  D.     4 cents if the excess over an exact multiple of \$2 is at least  
18 27 cents but less than 35 cents;

19                                  E.     5 cents if the excess over an exact multiple of \$2 is at least  
20 35 cents but less than 44 cents;

21                                  F.     6 cents if the excess over an exact multiple of \$2 is at least  
22 44 cents but less than 53 cents;

23                                  G.     7 cents if the excess over an exact multiple of \$2 is at least  
24 53 cents but less than 61 cents;

25                                  H.     8 cents if the excess over an exact multiple of \$2 is at least  
26 61 cents but less than 70 cents;

27                                  I.     9 cents if the excess over an exact multiple of \$2 is at least  
28 70 cents but less than 79 cents;

29                                  J.     10 cents if the excess over an exact multiple of \$2 is at least  
30 79 cents but less than 87 cents;

31                                  K.     11 cents if the excess over an exact multiple of \$2 is at least  
32 87 cents but less than 96 cents;

- 1                                   L.    12 cents if the excess over an exact multiple of \$2 is at least
- 2 96 cents but less than \$1.05;
  
- 3                                   M.    13 cents if the excess over an exact multiple of \$2 is at least
- 4 \$1.05 but less than \$1.14;
  
- 5                                   N.    14 cents if the excess over an exact multiple of \$2 is at least
- 6 \$1.14 but less than \$1.22;
  
- 7                                   O.    15 cents if the excess over an exact multiple of \$2 is at least
- 8 \$1.22 but less than \$1.31;
  
- 9                                   P.    16 cents if the excess over an exact multiple of \$2 is at least
- 10 \$1.31 but less than \$1.40;
  
- 11                                  Q.    17 cents if the excess over an exact multiple of \$2 is at least
- 12 \$1.40 but less than \$1.48;
  
- 13                                  R.    18 cents if the excess over an exact multiple of \$2 is at least
- 14 \$1.48 but less than \$1.57;
  
- 15                                  S.    19 cents if the excess over an exact multiple of \$2 is at least
- 16 \$1.57 but less than \$1.66;
  
- 17                                  T.    20 cents if the excess over an exact multiple of \$2 is at least
- 18 \$1.66 but less than \$1.74;
  
- 19                                  U.    21 cents if the excess over an exact multiple of \$2 is at least
- 20 \$1.74 but less than \$1.83;
  
- 21                                  V.    22 cents if the excess over an exact multiple of \$2 is at least
- 22 \$1.83 but less than \$1.92; and
  
- 23                                  W.    23 cents if the excess over an exact multiple of \$2 is at least
- 24 \$1.92 but less than \$2.00~~};~~ or
  
- 25                                  (ii)   ~~8% OF THE TAXABLE PRICE,~~ if the vehicle is a vehicle that may
- 26 be registered as a Class E, F, or G vehicle under Title 13, Subtitle 9 of the Transportation
- 27 Article~~};~~
  
- 28                                    1.    8 cents for each exact dollar; and
  
- 29                                    2.    2 cents for each 25 cents or part of 25 cents in excess of an
- 30 exact dollar~~};~~.

(c-1) **(1)** The sales and use tax rate for sales and charges made in connection with a shared motor vehicle used for peer-to-peer car sharing and made available on a peer-to-peer car sharing program, as defined in § 19-520 of the Insurance Article, is **[8%]**:

~~(1)~~ **(I)** ~~10%~~ **SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH, 8% OF THE TAXABLE PRICE, IF THE VEHICLE IS A PASSENGER CAR, A MULTIPURPOSE PASSENGER VEHICLE, OR A MOTORCYCLE;**

**(II) 11.5% OF THE TAXABLE PRICE, IF:**

**1. THE VEHICLE IS A PASSENGER CAR, A MULTIPURPOSE PASSENGER VEHICLE, OR A MOTORCYCLE; AND**

**2. IS PART OF A FLEET OF VEHICLES THAT INCLUDES AT LEAST FIVE VEHICLES OWNED BY THE SAME PERSON USED FOR PEER-TO-PEER CAR SHARING AND MADE AVAILABLE ON A PEER-TO-PEER CAR SHARING PROGRAM; OR**

~~(2)~~ **(III) 8% OF THE TAXABLE PRICE, IF THE VEHICLE IS A VEHICLE THAT MAY BE REGISTERED AS A CLASS E, F, OR G VEHICLE UNDER TITLE 13, SUBTITLE 9 OF THE TRANSPORTATION ARTICLE.**

**(2) (I) ON OR BEFORE OCTOBER 1 EACH YEAR THE COMPTROLLER SHALL CALCULATE FOR THE PRIOR FISCAL YEAR THE TOTAL SALES AND CHARGES THAT ARE SUBJECT TO THE TAX RATE UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION AS A PERCENTAGE OF THE TOTAL SALES AND CHARGES THAT ARE SUBJECT TO THE TAX RATE UNDER SUBSECTION (C)(2) OF THIS SECTION.**

**(II) SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH, IF THE PERCENTAGE CALCULATED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IS:**

**1. AT LEAST 5% BUT LESS THAN 10%, THE TAX RATE IS 9% OF THE TAXABLE PRICE;**

**2. AT LEAST 10% BUT LESS THAN 15%, THE TAX RATE IS 10% OF THE TAXABLE PRICE;**

**3. AT LEAST 15% BUT LESS THAN 20%, THE TAX RATE IS 11% OF THE TAXABLE PRICE; AND**

**4. AT LEAST 20%, THE TAX RATE IS 11.5% OF THE TAXABLE PRICE.**

1                    (III) EXCEPT AS PROVIDED IN SUBPARAGRAPH (IV) OF THIS  
2 PARAGRAPH, THE TAX RATE UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH  
3 SHALL APPLY TO ALL SALES AND CHARGES SUBJECT TO THE TAX RATE UNDER  
4 PARAGRAPH (1)(I) OF THIS SUBSECTION THAT OCCUR ON OR AFTER JANUARY 1 OF  
5 THE NEXT CALENDAR YEAR AND UNTIL A SUBSEQUENT CALCULATION UNDER THIS  
6 PARAGRAPH RESULTS IN AN INCREASED TAX RATE FOR A SUBSEQUENT CALENDAR  
7 YEAR.

8                    (IV) A TAX RATE MAY NOT BE REDUCED AS A RESULT OF A  
9 CALCULATION UNDER THIS PARAGRAPH.

10            SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take  
11 effect July 1, 2020.

12            SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in Section  
13 3 of this Act, this Act shall take effect June 1, 2020.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.