

# SENATE BILL 573

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CF 0lr2658

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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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## A BILL ENTITLED

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; altering the sales and use  
8 tax rate imposed on certain short-term vehicle rentals and shared motor vehicles  
9 used for peer-to-peer car sharing; repealing a certain obsolete provision; providing  
10 for the effective dates of this Act; and generally relating to the sales and use tax on  
11 short-term rental vehicles and peer-to-peer car sharing.

12 BY repealing and reenacting, with amendments,  
13 Chapter 852 of the Acts of the General Assembly of 2018  
14 Section 7

15 BY repealing and reenacting, with amendments,  
16 Article – Tax – General  
17 Section 2–1302.1 and 11–104(c) and (c–1)  
18 Annotated Code of Maryland  
19 (2016 Replacement Volume and 2019 Supplement)

20 BY repealing and reenacting, without amendments,  
21 Article – Tax – General  
22 Section 11–101(l)(4)  
23 Annotated Code of Maryland  
24 (2016 Replacement Volume and 2019 Supplement)

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Chapter 852 of the Acts of 2018**

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

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

9 **Article – Tax – General**

10 2–1302.1.

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

16 (1) 45% to the Transportation Trust Fund established under § 3–216 of the  
17 Transportation Article; and

18 (2) the remainder to the Chesapeake and Atlantic Coastal Bays 2010 Trust  
19 Fund.

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

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

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

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

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

29 11–101.

30 (l) (4) “Taxable price” includes all sales and charges, including insurance,  
31 freight handling, equipment and supplies, delivery and pickup, cellular telephone, and  
32 other accessories, but not including sales of motor fuel subject to the motor fuel tax, made

1 in connection with:

2 (i) a short-term vehicle rental, as defined in § 11-104(c) of this  
3 subtitle; or

4 (ii) a shared motor vehicle used for peer-to-peer car sharing and  
5 made available on a peer-to-peer car sharing program, as defined in § 19-520 of the  
6 Insurance Article.

7 11-104.

8 (c) (1) In this subsection:

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

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

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

18 (ii) “short-term vehicle rental” does not include a rental of:

19 1. a dump truck, as described in § 13-919 of the  
20 Transportation Article;

21 2. a tow truck, as described in § 13-920 of the Transportation  
22 Article;

23 3. a farm vehicle exempt from the sales and use tax under §  
24 11-201(a) of this title; or

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

29 (2) The sales and use tax rate for a short-term vehicle rental [for a taxable  
30 price of \$2 or more] is:

31 (i) **10% OF THE TAXABLE PRICE**, if the vehicle is a passenger car,  
32 a multipurpose passenger vehicle, or a motorcycle[:

- 1                                   1.     23 cents for each exact multiple of \$2; and
- 2                                   2.     for that part of \$2 in excess of an exact multiple of \$2:
- 3                                   A.     1 cent if the excess over an exact multiple of \$2 is at least
- 4 1 cent but less than 9 cents;
- 5                                   B.     2 cents if the excess over an exact multiple of \$2 is at least
- 6 9 cents but less than 18 cents;
- 7                                   C.     3 cents if the excess over an exact multiple of \$2 is at least
- 8 18 cents but less than 27 cents;
- 9                                   D.     4 cents if the excess over an exact multiple of \$2 is at least
- 10 27 cents but less than 35 cents;
- 11                                   E.     5 cents if the excess over an exact multiple of \$2 is at least
- 12 35 cents but less than 44 cents;
- 13                                   F.     6 cents if the excess over an exact multiple of \$2 is at least
- 14 44 cents but less than 53 cents;
- 15                                   G.     7 cents if the excess over an exact multiple of \$2 is at least
- 16 53 cents but less than 61 cents;
- 17                                   H.     8 cents if the excess over an exact multiple of \$2 is at least
- 18 61 cents but less than 70 cents;
- 19                                   I.     9 cents if the excess over an exact multiple of \$2 is at least
- 20 70 cents but less than 79 cents;
- 21                                   J.     10 cents if the excess over an exact multiple of \$2 is at least
- 22 79 cents but less than 87 cents;
- 23                                   K.     11 cents if the excess over an exact multiple of \$2 is at least
- 24 87 cents but less than 96 cents;
- 25                                   L.     12 cents if the excess over an exact multiple of \$2 is at least
- 26 96 cents but less than \$1.05;
- 27                                   M.     13 cents if the excess over an exact multiple of \$2 is at least
- 28 \$1.05 but less than \$1.14;
- 29                                   N.     14 cents if the excess over an exact multiple of \$2 is at least
- 30 \$1.14 but less than \$1.22;
- 31                                   O.     15 cents if the excess over an exact multiple of \$2 is at least

1 \$1.22 but less than \$1.31;

2 P. 16 cents if the excess over an exact multiple of \$2 is at least  
3 \$1.31 but less than \$1.40;

4 Q. 17 cents if the excess over an exact multiple of \$2 is at least  
5 \$1.40 but less than \$1.48;

6 R. 18 cents if the excess over an exact multiple of \$2 is at least  
7 \$1.48 but less than \$1.57;

8 S. 19 cents if the excess over an exact multiple of \$2 is at least  
9 \$1.57 but less than \$1.66;

10 T. 20 cents if the excess over an exact multiple of \$2 is at least  
11 \$1.66 but less than \$1.74;

12 U. 21 cents if the excess over an exact multiple of \$2 is at least  
13 \$1.74 but less than \$1.83;

14 V. 22 cents if the excess over an exact multiple of \$2 is at least  
15 \$1.83 but less than \$1.92; and

16 W. 23 cents if the excess over an exact multiple of \$2 is at least  
17 \$1.92 but less than \$2.00]; or

18 (ii) **8% OF THE TAXABLE PRICE**, if the vehicle is a vehicle that may  
19 be registered as a Class E, F, or G vehicle under Title 13, Subtitle 9 of the Transportation  
20 Article[:

21 1. 8 cents for each exact dollar; and

22 2. 2 cents for each 25 cents or part of 25 cents in excess of an  
23 exact dollar].

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

27 **(1) 10% OF THE TAXABLE PRICE, IF THE VEHICLE IS A PASSENGER**  
28 **CAR, A MULTIPURPOSE PASSENGER VEHICLE, OR A MOTORCYCLE; OR**

29 **(2) 8% OF THE TAXABLE PRICE, IF THE VEHICLE IS A VEHICLE THAT**  
30 **MAY BE REGISTERED AS A CLASS E, F, OR G VEHICLE UNDER TITLE 13, SUBTITLE 9**  
31 **OF THE TRANSPORTATION ARTICLE.**

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

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