

SENATE BILL 688

Q4, Q5, F2

1lr2572
CF HB 869

By: **Senator Hayes**

Introduced and read first time: February 3, 2021

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use and Vehicle Excise Taxes – Peer-to-Peer Car Sharing and**
3 **Short-Term Vehicle Rentals – Alterations and Distribution**

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; altering the definition of “marketplace facilitator” to include certain
7 peer-to-peer car sharing programs for purposes of a requirement to collect certain
8 sales and use taxes; altering the sales and use tax rate imposed on certain
9 short-term vehicle rentals; repealing an exemption for certain rental vehicles from
10 the vehicle excise tax; altering the distribution of certain vehicle excise tax revenues;
11 making conforming changes; making certain provisions of this Act contingent on the
12 taking effect of another Act; providing for the effective dates of this Act; and
13 generally relating to taxes on peer-to-peer car sharing and short-term vehicle
14 rentals.

15 BY repealing and reenacting, with amendments,
16 Chapter 852 of the Acts of the General Assembly of 2018, as amended by Chapter
17 567 of the Acts of the General Assembly of 2020
18 Section 7

19 BY repealing and reenacting, with amendments,
20 Article – Tax – General
21 Section 11–101(c–2) and 11–104(c)
22 Annotated Code of Maryland
23 (2016 Replacement Volume and 2020 Supplement)

24 BY repealing and reenacting, without amendments,
25 Article – Tax – General
26 Section 11–101(l)(4) and 11–104(c–1)
27 Annotated Code of Maryland
28 (2016 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Article – Transportation
3 Section 13–810(a)(24) and (26) and 13–814
4 Annotated Code of Maryland
5 (2020 Replacement Volume)

6 BY repealing
7 Article – Transportation
8 Section 13–810(a)(25)
9 Annotated Code of Maryland
10 (2020 Replacement Volume)

11 BY repealing and reenacting, without amendments,
12 Article – Education
13 Section 15–127(a)
14 Annotated Code of Maryland
15 (2018 Replacement Volume and 2020 Supplement)
16 (As enacted by Chapter ____ (S.B. 1/H.B. 1) of the Acts of the General Assembly of
17 2021)

18 BY repealing and reenacting, with amendments,
19 Article – Education
20 Section 15–127(f)
21 Annotated Code of Maryland
22 (2018 Replacement Volume and 2020 Supplement)
23 (As enacted by Chapter ____ (S.B. 1/H.B. 1) of the Acts of the General Assembly of
24 2021)

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

27 **Chapter 852 of the Acts of 2018, as amended by Chapter 567 of the Acts of 2020**

28 SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in Section
29 6 of this Act, this Act shall take effect July 1, 2018. [Section 3 of this Act shall remain
30 effective for a period of 3 years and, at the end of June 30, 2021, Section 3 of this Act, with
31 no further action required by the General Assembly, shall be abrogated and of no further
32 force and effect.]

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

35 **Article – Tax – General**

36 11–101.

(c-2) (1) “Marketplace facilitator” means a person that:

(i) facilitates a retail sale by a marketplace seller by listing or advertising for sale in a marketplace tangible personal property; and

(ii) regardless of whether the person receives compensation or other consideration in exchange for the person’s services, directly or indirectly through agreements with third parties, collects payment from a buyer and transmits the payment to the marketplace seller.

(2) “Marketplace facilitator” does not include:

(i) a platform or forum that exclusively provides Internet advertising services, including listing products for sale, if the platform or forum does not also engage, directly or indirectly, in collecting payment from a buyer and transmitting that payment to the vendor;

(ii) a payment processor business appointed by a vendor to handle payment transactions from clients, including credit cards and debit cards, whose only activity with respect to marketplace sales is to handle transactions between two parties;

OR

[(iii) a peer-to-peer car sharing program, as defined in § 19-520 of the Insurance Article; or]

[(iv)] **(III)** a delivery service company that delivers tangible personal property on behalf of a marketplace seller that is engaged in the business of a retail vendor and holds a license issued under Subtitle 7 of this title.

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

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

(ii) 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.

11-104.

(c) (1) In this subsection:

(i) “short-term vehicle rental” means a rental of a passenger car, as defined in § 11-144.2 of the Transportation Article, or a vehicle that may be registered as

a Class D, E, F, G, or M vehicle under Title 13, Subtitle 9 of the Transportation Article, for a period of 180 days or less under the following terms:

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

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

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

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

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

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

4. 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 and that is subject to sales and use tax under subsection (c–1) of this section.

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

(i) if the vehicle is a passenger car, a multipurpose passenger vehicle, or a motorcycle:

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

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

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

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

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

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

- 1 E. 5 cents if the excess over an exact multiple of \$2 is at least
2 35 cents but less than 44 cents;
- 3 F. 6 cents if the excess over an exact multiple of \$2 is at least
4 44 cents but less than 53 cents;
- 5 G. 7 cents if the excess over an exact multiple of \$2 is at least
6 53 cents but less than 61 cents;
- 7 H. 8 cents if the excess over an exact multiple of \$2 is at least
8 61 cents but less than 70 cents;
- 9 I. 9 cents if the excess over an exact multiple of \$2 is at least
10 70 cents but less than 79 cents;
- 11 J. 10 cents if the excess over an exact multiple of \$2 is at least
12 79 cents but less than 87 cents;
- 13 K. 11 cents if the excess over an exact multiple of \$2 is at least
14 87 cents but less than 96 cents;
- 15 L. 12 cents if the excess over an exact multiple of \$2 is at least
16 96 cents but less than \$1.05;
- 17 M. 13 cents if the excess over an exact multiple of \$2 is at least
18 \$1.05 but less than \$1.14;
- 19 N. 14 cents if the excess over an exact multiple of \$2 is at least
20 \$1.14 but less than \$1.22;
- 21 O. 15 cents if the excess over an exact multiple of \$2 is at least
22 \$1.22 but less than \$1.31;
- 23 P. 16 cents if the excess over an exact multiple of \$2 is at least
24 \$1.31 but less than \$1.40;
- 25 Q. 17 cents if the excess over an exact multiple of \$2 is at least
26 \$1.40 but less than \$1.48;
- 27 R. 18 cents if the excess over an exact multiple of \$2 is at least
28 \$1.48 but less than \$1.57;
- 29 S. 19 cents if the excess over an exact multiple of \$2 is at least
30 \$1.57 but less than \$1.66;
- 31 T. 20 cents if the excess over an exact multiple of \$2 is at least

\$1.66 but less than \$1.74;

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

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

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

(ii) 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:

1. 8 cents for each exact dollar; and

2. 2 cents for each 25 cents or part of 25 cents in excess of an exact dollar] **8% OF THE TAXABLE PRICE.**

(c-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%.

Article – Transportation

13-810.

(a) On issuance in this State of an original or subsequent certificate of title for a vehicle, the vehicle is exempt from the excise tax imposed by this part, if it is:

(24) A vehicle acquired by a religious, charitable, or volunteer organization exempt from taxation under § 501(c) of the Internal Revenue Code, the Department of Human Services, or a local department of social services for the purpose of transferring the vehicle to a Family Investment Program recipient or an individual certified by the Department of Human Services or a local department of social services as eligible for the transfer; **OR**

[(25) A rental vehicle; or]

[(26)] **(25)** A vehicle that is transferred to a trust or from a trust to one or more beneficiaries in accordance with § 14.5-1001 of the Estates and Trusts Article.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Education

1 15–127.

2 (a) In this section, “Fund” means the Historically Black Colleges and Universities
3 Reserve Fund.

4 (f) The Fund consists of:

5 (1) The remainder of any funds unused at the end of a fiscal year that is
6 distributed to the Fund under § 15–126 of this subtitle;

7 **(2) REVENUES DISTRIBUTED TO THE FUND UNDER § 13–814 OF THE**
8 **TRANSPORTATION ARTICLE;**

9 **[(2)] (3)** Money appropriated in the State budget to the Fund;

10 **[(3)] (4)** Interest earnings; and

11 **[(4)] (5)** Any other money from any other source accepted for the benefit
12 of the Fund.

13 **Article – Transportation**

14 13–814.

15 (a) Except as provided in [subsection (b)] **SUBSECTIONS (B) AND (C)** of this
16 section, money collected under this part shall be deposited in the State Treasury and
17 accounted for on the records of the Comptroller and transferred to the Transportation Trust
18 Fund.

19 (b) Of the revenue from the excise tax imposed for each certificate of title issued
20 for an off-highway recreational vehicle under § 13–809 of this subtitle, the Comptroller
21 shall distribute to the Off-Highway Recreational Vehicle Trail Fund established under §
22 5–1011 of the Natural Resources Article:

23 (1) 25% in fiscal year 2019; and

24 (2) 50% in fiscal year 2020 and each year thereafter.

25 **(C) (1) FOR FISCAL YEAR 2023 AND EACH FISCAL YEAR THEREAFTER,**
26 **THE COMPTROLLER SHALL DISTRIBUTE THE REVENUE FROM THE EXCISE TAX**
27 **IMPOSED FOR EACH CERTIFICATE OF TITLE ISSUED FOR A RENTAL VEHICLE UNDER**
28 **§ 13–809 OF THIS SUBTITLE TO THE HISTORICALLY BLACK COLLEGES AND**
29 **UNIVERSITIES RESERVE FUND ESTABLISHED UNDER § 15–127 OF THE EDUCATION**
30 **ARTICLE.**

31 **(2) REVENUES DISTRIBUTED UNDER THIS SUBSECTION ARE**

1 SUPPLEMENTAL TO AND ARE NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT
2 OTHERWISE WOULD BE APPROPRIATED FOR THE USES SPECIFIED UNDER § 15-126
3 OF THE EDUCATION ARTICLE OR ANY OTHER FUNDS APPROPRIATED TO PUBLIC
4 INSTITUTIONS OF HIGHER EDUCATION IN THE STATE BUDGET.

5 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
6 effect July 1, 2021.

7 SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take
8 effect July 1, 2021, contingent on the taking effect of Chapter ____ (S.B. 1/H.B. 1) of the
9 Acts of the General Assembly of 2021, and if Chapter ____ (S.B. 1/H.B. 1) does not become
10 effective, Section 3 of this Act, with no further action required by the General Assembly,
11 shall be null and void.

12 SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in
13 Sections 4 and 5 of this Act, this Act shall take effect June 1, 2021.