
Senate Bill No. 136

AN ACT concerning

Passenger Rental Cars - Sales and Excise Taxes

FOR the purpose of exempting passenger rental cars from the vehicle excise tax after a certain period; providing that the excise tax not be collected under certain circumstances; increasing the retail sales ~~tax~~ and use taxes imposed on the rental of these vehicles; pledging this increased revenue to the Transportation Trust Fund; requiring the Comptroller to take certain actions under certain circumstances; and providing a change in the taxes pledged to consolidated transportation bonds issued after a certain date; and providing that the provisions of this Act shall terminate automatically after a certain date.

May 27, 1980

Honorable James Clark, Jr.
President of the Senate
State House
Annapolis, Maryland 21404

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 136.

Senate Bill 136 exempts passenger rental cars from the vehicle excise tax and imposes an eight cent sales tax on car rentals. I am informed that the purpose of the bill is to eliminate a "competitive disadvantage" faced by Maryland rental car companies. I share the desire to eliminate that disadvantage.

Revenues derived from the vehicle excise tax are pledged as security for the repayment of the Department of Transportation Consolidated Transportation Bonds. Senate Bill 136 attempts to preclude the impairment of this obligation by providing: (1) for the continued imposition, but not collection, of the excise tax; and (2) if sales tax revenues are not sufficient to replace the lost revenues associated with the noncollection of the excise tax, for the replacement of the lost revenues from the General Fund.

The Attorney General has expressed the view that some provisions of the bill may conflict with the Constitution of Maryland. Bond Counsel to the Department of Transportation strongly shares that view.