



Department of the Secretary of State Bureau of Motor Vehicles

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JOINT STANDING COMMITTEE ON TRANSPORTATION

L.D. 1390 “Resolve, Directing the Secretary of State to Develop a Plan for a Multiyear Registration System for National Car Rental Companies”

Testimony of Shenna Bellows, Secretary of State and
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Senator Nangle, Representative Crafts, and Members of the Joint Standing Committee on Transportation, I am providing testimony neither for nor against L.D. 1390 a “Resolve, Directing the Secretary of State to Develop a Plan for a Multiyear Registration System for National Car Rental Companies.”

We would like to commend Representative Parry for recognizing that National Car Rental Companies bring important and needed business to the State of Maine. Our department shares that viewpoint and understand their role in our economy.

All states recognize the vehicle related fees the companies pay contribute to roadway funding. That is why there are protections in place to ensure that states equitably collect registration, title and sales tax funds on their vehicles and no one state can collect more than their share.

29-A MRSA, section 157, allows Maine to enter into the International Registration Plan which creates a method for states to equitably allocate fees for certain commercial vehicles. It also includes a provision for fee allocations on rental vehicles. Section 905 of the plan states that “Rental passenger car registrations may be allocated based on the revenue earned in each jurisdiction. Properly allocated rental passenger cars may be rented in any member jurisdiction.”

Therefore, each rental company provides an annual report to every state, including Maine BMV. The report indicates their total revenue earned nationally, their total revenue earned in Maine, and the total number of vehicles they rent. We are then able to calculate the total number of vehicles each company must register in Maine. This provision is important to ensure these companies do not register a high proportion of their vehicles in any one state, if they find one state’s law favorable over another.

This resolve requires the Department of the Secretary of State, Bureau of Motor Vehicles to develop a plan for the creation of a multiyear registration system for these rental passenger vehicles. It requires the Secretary of State to submit the plan to the Joint Standing Committee on Transportation by December 3, 2025.

The resolve states that the Secretary of State has previously developed and implemented a successful long-term registration program for trailers and semitrailers nationwide pursuant to the Maine Revised Statutes, Title 29-A, section 512 that has generated significant income for the State.

We are opposing this resolve for multiple reasons.

While the long-term trailer program is successful, it's important to remember that excise tax is not required to be collected as a prerequisite to register trailers and semitrailers. Other states, like Texas, who have implemented multiyear registration programs for passenger rental companies do not require an excise tax be paid prior to registration.

It is our understanding that rental companies typically keep passenger vehicles in their fleet for 12-24 months or until the vehicle mileage is around 50,000 to 60,000 miles. If we were to register a large fleet of rental vehicles for multiple years, it is likely that many of those vehicles would be sold before the registration expires. Currently, rental vehicle companies are cancelling hundreds of registrations every month.

It should be also noted that 80% all registrations are processed in town offices. These offices use a computer system provided by 1 of 3 vendors in which the Bureau of Motor Vehicles has approved to process registrations. The towns pay for this software and any upgrades to them. Therefore, when changes are made to the excise tax and/or registration requirements, the vendors charge the towns a fee to modify their software. There will also be a fiscal note to implement any multiyear registration program, as the BMV will also encounter costs to upgrade our computer system to make the necessary modifications.

While a multi-year registration may reduce the workload of the vehicle rental companies, it doesn't reduce the workload for BMV and may increase it, nor does it increase any funding for the state.

In conclusion, the current system in place ensures the appropriate number of these vehicles remain registered here. Additionally, we simply do not have the capacity to develop the plan required by this bill right now. As you know, for the next year we are replacing about 1 million sets of license plates which is a significant undertaking. Also, there are at least 2 other studies that our department must conduct over the next several months and report back to this committee by December or early next year, which is going to significantly stretch our resources.

Thank you for your time today and I will be happy to answer any questions.