

## Transportation Network Company Impact Fee

Effective July 1, 2024, there is a new statewide fee on rides<sup>1</sup> provided through a Transportation Network Company originating in Maryland.

### I. What is a Transportation Network Company?

A Transportation Network Company (“TNC”) is a company that has been issued a permit by the Maryland Public Service Commission and operates a digital network to connect passengers to transportation operators in order for the operator to transport the passenger between two points in exchange for a fare.<sup>2</sup>

### II. TNC assessment v. TNC impact fee

The Comptroller administers two separate fees associated with TNCs: The TNC assessment and the new TNC impact fee.

The **TNC assessment**,<sup>3</sup> which has been in effect since July 1, 2015, is a charge imposed on each ride arranged through a TNC originating in a local jurisdiction that has opted in. As of the time of this publication, TNC assessments are in effect in [nine local jurisdictions](#). For more information about the TNC assessment, see the [Transportation Network Services and For Hire Transportation Tax Alert](#).

The new **TNC impact fee** is effective July 1, 2024. The TNC impact fee is imposed statewide on passenger trips that originate in Maryland.

Not all rides originating in Maryland are subject to the TNC assessment. Only those rides originating in a jurisdiction that has opted in are subject to the TNC assessment. However, all rides originating in anywhere Maryland are subject to the TNC impact fee.

### III. Impact fee rates and applicability

The TNC impact fee for the period July 1, 2024, through June 30, 2028, is:

- 1) \$0.50 for each shared passenger trip;
- 2) \$0.50 for each passenger trip provided using a fuel cell electric vehicle or a plug-in electric drive vehicle; and
- 3) \$0.75 for all other passenger trips.

Only one TNC impact fee is imposed per trip. For example, if a shared passenger trip is provided in a plug-in electric drive vehicle, the TNC impact fee for the ride is \$0.50. However, both the TNC assessment and the TNC impact fee will be imposed on a trip originating in a jurisdiction that imposes a TNC assessment.

A “shared passenger trip” means a prearranged ride for which the passenger agrees, at the time the passenger requests the ride through a TNC’s digital network application, to be transported with another passenger who has separately requested a prearranged ride, regardless of whether the other passenger is actually transported. When separate parties do share a trip, the TNC

<sup>1</sup> See 2024 Senate Bill 362.

<sup>2</sup> TNCs are regulated by the Maryland Public Service Commission (“PSC”). For more information about TNCs, contact the Transportation Division of the Maryland Public Service Commission.

<sup>3</sup> See Public Utilities Article, § 10-406, Annotated Code of Maryland.

impact fee is imposed on each party in the shared passenger trip.

#### **IV. Information for Transportation Network Companies**

Beginning on July 1, 2024, a TNC must either collect the TNC impact fee from a passenger or pay the TNC Impact Fee on behalf of a passenger for all rides originating in Maryland. If a TNC collects the TNC Impact Fee from the passenger:

- 1) the TNC impact fee must be charged in addition to any other tax or fee; and
- 2) the TNC must show the TNC impact fee as a separate line on the passenger's receipt, invoice, or other bill of sale, distinct from the transaction price and any other tax or fee imposed. The receipt, invoice, or other bill of sale must list the impact fee as the "Transportation Network Company Impact Fee."

Both the TNC assessment and the TNC impact fee are reported and remitted to the Comptroller's Office quarterly. Beginning with the period ending September 30, 2024, the TNC assessment and the TNC impact fee are both reported on Maryland Form TNC-1: TNC assessment is reported on Part I; TNC impact fee is reported on Part II. A TNC that pays the TNC impact fee on behalf of a passenger must remit the fee as if the fee had been collected from the passenger on the date of the passenger trip. A TNC may retain the lesser of 0.9% of the TNC impact fees due or \$250 for each quarter to compensate for the expense of reporting and remitting the impact fee. There is no similar discount for TNC assessments.

The TNC impact fee is subject to increase annually beginning July 1, 2028. Increases are based on the Consumer Price Index for All Urban Consumers; however, the fee will never be greater than 8% of the previous year. The Comptroller will announce the fee amount annually on or before June 1 each year.

Taxpayer Services Division

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