



Wes Moore
Governor
Aruna Miller
Lieutenant Governor
Paul J. Wiedefeld
Secretary

February 8, 2024

The Honorable Vanessa E. Atterbeary
Chair, House Ways and Means Committee
131 House Office Building
Annapolis MD 21401

Re: *Letter of Information – House Bill 484 – Constitutional Amendment - Fee or Tax Rate Increases - Yea and Nay Vote of General Assembly Required*

Dear Chair Atterbeary and Committee Members:

The Maryland Department of Transportation (MDOT) offers the following letter of information for the Committee’s consideration on House Bill 484.

House Bill 484 would establish a voter referendum for a Constitutional amendment to require a yea and nay vote of the Maryland General Assembly prior to an increase of any State fee or tax. This includes increases based on inflation or formula. The use of the terms “State fee” and “State tax” without definition suggests a broad interpretation of any tax or fee imposed by the State, regardless whether that rate-setting authority currently sits with the legislature.

The MDOT and the State itself have issued bonds to finance the construction of various capital projects across the State. Those bonds were sold based on existing rate-setting authority. For example, MDOT’s bond documents state that certain taxes pledged to repayment of MDOT bonds are increased annually by formula based on inflation. Many of the fees at the Motor Vehicle Administration (MVA) are set in the Code of Maryland Regulations and must be periodically revised to meet the cost-recovery requirements for the MVA established in State law. Additionally, certain fees at the Port of Baltimore and the Baltimore/Washington International Thurgood Marshall Airport, are set by MDOT based on balancing cost recovery with economic competitiveness.

Under House Bill 484, the tax and fee examples noted above, as well as many others, would require legislative approval. This represents a fundamental change to the rate-setting authority that bondholders agreed to when purchasing the bonds and could be perceived as detrimental to the bondholders ability to be repaid. Thus, bondholders and credit rating agencies may take a negative view of this change, which could result in bondholder lawsuits or a negative credit action by the rating agencies.

The Maryland Department of Transportation respectfully requests the Committee consider this information during its deliberations of House Bill 484.

Respectfully submitted,

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