

Maryland Motor Truck Association



NOTHING WITHOUT
TRUCKING

HEARING DATE: March 12, 2025

BILL NO/TITLE: SB1045 - Sales and Use Tax - Taxable Business Services - Alterations

COMMITTEE: Budget & Taxation

POSITION: Oppose

Maryland Motor Truck Association (MMTA) urges an unfavorable report on Senate Bill 1045, which would add a new sales tax on a variety of business-to-business services including "heavy truck or bus repair service described under NAICS sector 8111."

MMTA understands the need to generate additional revenues to compensate for the state's General Fund shortfalls. The broad-based services included in this legislation such as accounting, printing, payroll, information technology and others will be paid by businesses across virtually all industry sectors, including trucking; however, the specific inclusion of "heavy truck or bus repair" is piling on a vital industry because we are being singled out for this new tax on top of the other broader taxes included.

Adding a sales tax on labor for truck repair ignores who will be the primary businesses harmed – small, local trucking companies. 96% of trucking companies operate 10 trucks or fewer. These are the businesses that do not have their own maintenance shops or mechanics on staff. They are sending their repair work to truck dealers or independent repair stations; whereby larger trucking companies frequently perform this work in-house.

The inclusion of a sales tax directly on truck repair also feels coercive because, under both Federal and Maryland law, trucks are required to go through a periodic preventive maintenance, inspection and repair program to ensure safety. Maryland's Preventive Maintenance Program requires that commercial motor vehicles be inspected annually or every 25,000 to 35,000 miles, whichever comes first. This can mean as many as 4 to 5 inspections per year for some trucks. The industry is also subject to one of the most substantial roadside inspection enforcement programs in the country, as Maryland is fourth in roadside inspections performed by law enforcement each year, behind only California, Texas and New York. Defects documented by law enforcement must be repaired to ensure the continued safe of operation of the vehicle.

Adding a sales tax on repair services also raises numerous concerns as this will drive up costs not only for routine maintenance, but also on post-accident work that is frequently covered by a motor carrier's insurance policy. Inevitably insurance premiums will rise because of the new sales tax on vehicle repairs.

Finally, according to the American Transportation Research Institute, as of January 2025, a typical five-axle tractor-trailer combination paid highway user fees and taxes of \$9,316 to the state of Maryland **over and above the typical taxes paid by other businesses and industries in the state.** Trucking is a non-discretionary user of the highways, delivering 96% of the manufactured goods in the state. Trucks are the hub of the state's distribution wheel as they support the manufacturing, agricultural, and retail industries. A tax on local Maryland trucking equates to a tax on all citizens and businesses that rely on our industry to deliver the products they need. Companies will have no choice but to pass these cost increases on to the 93% of Maryland communities that rely exclusively on trucks for their food, clothing, medical supplies, and other essential goods.

For the reasons noted above, Maryland Motor Truck Association asks for an unfavorable report.

About Maryland Motor Truck Association: Maryland Motor Truck Association is a non-profit trade association that has represented the trucking industry since 1935. In service to its 1000 members, MMTA is committed to support, advocate and educate for a safe, efficient and profitable trucking industry in Maryland.

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