



March 10, 2025

The Honorable Guy Guzzone and Members
Senate Budget and Taxation Committee
Senate Office Building
Annapolis, MD 21401

Re: UNFAVORABLE – SB 1045 - Sales and Use Tax - Taxable Business Services - Alterations

Dear Chairman Guzzone, Vice Chairman Rosapepe and Members of the Committee:

The Maryland School Bus Contractors Association (MSBCA) opposes SB 1045- Sales and Use Tax - Taxable Business Services - Alterations.

MSBCA serves as the voice of the private school bus companies that contract with local Maryland school systems in 19 of Maryland's 24 jurisdictions. MSBCA members own and operate over 3,500, or 49% of the school buses transporting school children across the great State of Maryland. MSBCA contracted school buses cover over 53 million miles each year while remaining fully committed to the safety of the students we transport and considers it a privilege to do so.

As we all know, we are facing major financial challenges in our state, but the proposed additional 2.5% sales and use tax proposed in SB 1045 will hurt and potentially close some small businesses. But in the case of the state's school bus contractors, this bill will eventually be self-taxing via our school districts. As noted above, 19 out of 24 Maryland school districts enter into multiple year agreements with our members to provide services and equipment to transport our school children. These agreements are based on a formula that includes the cost of the vehicle, driver salary, maintenance, fuel, and operating fees.

While each school district agreement varies, the additional taxes proposed would eventually have to be passed on to the school districts. This would include but not limited to such services related to school bus repairs like air brakes, engines, transmission, suspension maintenance and replacement as needed. A tax on these services will eventually need to be passed on to the state's school districts.

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MSBCA serves as the voice of the private school bus companies that contract with local Maryland school systems in 19 of Maryland's 24 jurisdictions to own and operate the nearly 3500 contracted school buses that transport schoolchildren across the State.

We ask that you consider an Amendment exempting school buses and school bus contractors from this bill. If this bill goes into effect, school bus contractors will need to go back to their school districts to renegotiate their compensation formula based on this new tax.

Again, MSBCA looks forward to working with the legislators to make Maryland the safest and most efficient state in the country for all our children.

Sincerely,

Steve Nelson

Steve Nelson

President

Maryland School Bus Contractors Association

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