GBC Written Testimony BRFA - Transportation 2-27-

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Position: FAV

POSITION STATEMENT

Written Testimony Presented to the House Appropriations and Ways and Means Committees

Budget Reconciliation and Financing Act (BRFA) of 2025

February 27, 2025

Position: Support

Dear Committee Members,

On behalf of the Greater Baltimore Committee (GBC) and the Baltimore's Transit Future (BTF) coalition, I respectfully request your support for the final Consolidated Transportation Program (CTP) and related provisions in the Budget Reconciliation and Financing Act (BFRA).

As the leading voice for the private sector in the Baltimore region, GBC works with over 400 private and public sector partners to grow a dynamic and inclusive regional economy. An expansive and effective transportation network is essential to this growth.

Most obviously, a robust and reliable transit system is vital for connecting the region's workforce to jobs and consumers to businesses. In fact, during the many listening sessions GBC hosted as part of the development of our recently released 10-year Economic Opportunity Plan, I don't think employers mentioned any single challenge more than the state of Baltimore transit.

Aside from supporting current residents and businesses, a robust and reliable system is also key to attracting and retaining talent, visitors, and new investment. A strong transit system provides choice and convenience and contributes to a higher quality of life...and thus makes the regions who have such systems more economically competitive than their peers who don't.

Given the state's anemic economic growth, it simply can't afford *not* to invest in the Maryland Transit Administration (MTA).

In the first place, we are already facing a system on the verge of decline. Deferral of state of good repair funding would lead to further deteriorations in service, threatening the safety and dependability of the system—and leading to higher costs over the long run.

Furthermore, failure to invest in transit jeopardizes both already allocated and future federal funding—funding the region desperately needs to maintain and expand the system. For example, MTA's $214 million federal grant to replace its light rail fleet could be threatened if funds are not available to renovate stations and replace the rails needed to support new cars.

Finally, future development simply won't be viable if state of good repair investments fall behind. The region can't improve bus service to regional job hubs or make transformative investments like the Red Line if we can't adequately support what we already have. Moreover, right now there is a tremendous amount of policy energy to support development around our transit hubs, with high hopes for the reinvigoration of Baltimore's downtown, and new transit-oriented developments in Station

GREATER BALTIMORE COMMITTEE
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North, West Baltimore, Reisterstown, and Odenton, to name just a few. Decisions about investments in these areas are being made now and will hinge on the extent to which investors are confident that our existing transit assets will be maintained…*and ultimately upgraded*.

In short, a modern, trustworthy, and safe transit system is critical to the Baltimore region's economic prosperity. It thus requires a level of investment that reflects its value.

The CTP and BFRA provide an important—but to be clear, only a first—step in that direction. For this reason, we hope you will issue a favorable report.

Sincerely,

Jennifer S. Vey
Executive Vice President and Chief Strategy Officer

BRTC Testimony -- House BRFA Hearing - February 27
Uploaded by: Jon Laria
Position: FAV

BALTIMORE REGIONAL TRANSIT COMMISSION

Written Testimony Presented to the House Appropriations and Ways and Means Committees

Hearing Date – February 27, 2025

Budget Reconciliation and Financing Act (BRFA) of 2025

Chairs Atterbeary and Barnes, and Committee members, this testimony is submitted on behalf of the Baltimore Regional Transit Commission (BRTC).

The BRTC was created by the Maryland General Assembly to provide oversight and advocacy for the Baltimore regional transit system, which is operated by the Maryland Transit Administration (MTA), and to ensure that diverse stakeholder perspectives are represented in agency decisions. The BRTC includes representatives from local government, transportation, industry, business, transit riders, transit advocates, labor, and the Moore-Miller Administration.

In the fall, we welcomed MDOT and MTA as a part of their Consolidated Transportation Program (CTP) tour meetings which solicit feedback on their $19 billion capital program. To be blunt, the draft CTP presented to us would have represented a significant step back for the Baltimore region and the Marylanders that rely on transit to get to work, school, the grocery store, medical appointments, and more. The draft proposed over $670 million in project deferrals for the MTA and would have failed to meet many legislatively-mandated requirements, including state-of-good-repair (SGR) funding for MTA under the Transit Safety and Investment Act (TSIA).

In partnership with the local jurisdictions and other stakeholders who serve on the BRTC, we worked with our state legislators to call attention to these cuts and the service impacts that would be experienced by those who rely on transit. And, fortunately, things changed dramatically.

On January 15, MDOT released its final $21.2 billion CTP for Fiscal Years 2025-2030. Thanks to Governor Moore's leadership, the balanced plan includes an additional $420 million in new state transportation funding annually, beginning in Fiscal Year (FY) 2026. This investment allows the Department to fully leverage all available federal funding and financing, turning a $420 million annual state investment into $695 million annually of new resources for the State's transportation network. This vital investment will allow the Department to make critical investments in safety and system preservation, grow our economy, and utilize all federal funding available to us under the historic Bipartisan Infrastructure Law. However, this investment depends on your support of the BRFA.

The Final CTP and BRFA propose transformative investments for transit in the Baltimore region. They demonstrate that the Moore-Miller Administration is committed to ending the long cycle of disinvestment in the MTA and getting our system back on track.

Governor Moore's budget also fulfills Secretary Wiedefeld's earlier commitment to install 200 new positions at MTA. It fully meets the Transit Safety & Investment Act SGR investment thresholds, providing critical Light Rail system electrical substation replacements, station, platform, communications, mobility improvements to the

Metro, and MARC improvements. As noted in our December Annual Report to you, BRTC members joined MTA and MDOT to tour the Light Rail system and were shocked at what we saw. **Let us be clear – today's Light Rail system is at risk of total failure without funding for substation replacements, especially at the BWI spur, where loss of a substation could end service to BWI Airport, and the North Avenue main yard, where a substation failure could cripple the entire Light Rail system.** This investment is vital, timely, and long overdue.

The Final CTP fully funds and the BRFA enables GARVEE bonds for the $1.38 billion Light Rail Modernization program. This transformative investment will enable a reliable, accessible and frequent Light Rail system from BWI, to Camden Yards, to Hunt Valley. The funding enables MDOT and MTA to fully leverage the historic $213 million federal grant to buy new Light Rail vehicles, fund important communications upgrades, overhaul vehicle maintenance facilities, and invest in all system stations to accommodate the new low-floor vehicles. **This represents the first significant new investment in our Light Rail system since its creation.** When complete, the system will provide frequent, reliable and affordable high-quality transit for everyday Baltimoreans and businesses, as well as visitors and tourists.

Critically, ensuring the current light rail system is in a state of good repair is important for positioning the Red Line for future federal investment, and the Final CTP maintains $152 million in funds to continue to advance Red Line project development activities.

Of course, MTA is just one piece of the puzzle for transit and mobility in the greater Baltimore region. Local jurisdictions around our State and region also operate local transit services, known as Locally Operated Transit Systems (LOTS). The Final CTP provides additional support to LOTS in communities here in Baltimore and around the State. These investments include ~$135 million in operating support and new capital projects like new ferries for the Harbor Connector service and bus fleet and facility investments around the region.

The BRTC understands that the proposed Final CTP and BRFA will delay MTA's transition and requirement to reach a 50% zero-emission fleet by 2030. While the BRTC will not lose sight of this critical goal and its public health benefits to some of the most vulnerable communities in our State, we acknowledge the difficult choices, as well as market conditions, being faced by the Moore-Miller Administration and MDOT during these challenging fiscal times. But ensuring Baltimoreans and Marylanders have viable transit options and are not solely reliant on cars to get to work, shopping, school, and health care will itself lead to better climate outcomes.

The BRTC strongly urges your support for the Final CTP and BRFA, the proposed new revenue sources that enable them, and MDOT's overall budget.

Sakata Testimony - BFRA.pdf
Uploaded by: Michael Sakata
Position: FAV

House Appropriations and Ways and Means Committee

Budget and Reconciliation and Financing Act of 2025

Michael Sakata
President & CEO
Maryland Transportation Builders & Materials Association

February 27, 2025

Chairs Atterberry and Barnes and Committee Members:

My name is Michael Sakata. I serve as the President and CEO of the Maryland Transportation Builders and Materials Association (MTBMA). We are the leading voice of the transportation industry in the state of Maryland. We represent leading businesses, of all sizes, in the construction, transportation, materials, engineering, and consulting industries. We maintain a strong relationship with the Maryland Department of Transportation and its modes, as we work together to enhance the safety of our system, build the transportation workforce of the future, and sustainably grow our system to meet the diverse needs of all Marylanders.

Over the past two years, MTBMA and its members have been strongly advocating for additional transportation funding. Last year's Consolidated Transportation Program (CTP) and this year's draft CTP, made deep funding cuts to our roadways, bridges, transit systems, airports, and port. This included removing funding from many high priority local government priority projects and vital state of good repair investments.

We appreciate the Members of the General Assembly for meeting with our members and sharing their support for a Maryland transportation that is sustainable, safe, and growing. We also greatly appreciate Governor Moore and his Administration for their focus on growing our economy and making strategic investments to make this Maryland's decade.

On January 15, MDOT released its final $21.2 billion CTP for Fiscal Years 2025-2030. Thanks to Governor Moore's leadership, the balanced plan includes an additional $420 million in new state transportation funding annually, beginning in Fiscal Year (FY) 2026. This investment allows the Department to fully leverage all available federal funding and financing, turning a $420 million annual state investment into $695 million annually of new resources for the State's transportation network. This vital investment will allow the Department to make critical investments in safety and system preservation, grow our economy, and utilize all federal funding available to us under the historic Bipartisan Infrastructure Law. These funds are dependent on your support of the Budget Financing and Reconciliation Act (BFRA).

We commend Governor Moore and his Administration for advancing this budget and MTBMA is greatly appreciative of their leadership.

We know that when we invest in our transportation networks, workers, and users, we are investing in a stronger economy and a more connected Maryland. According to estimates from the U.S. Department of Transportation, every $1 billion invested in roadway infrastructure creates 13,000 jobs.[1] Similarly, the American Public Transit Association estimates that for every $1 invested in transit, $5 additional dollars are generated in economic impact.[2] And, here in Maryland, the Port of Baltimore generates nearly $200 million in economic activity every day.[3] These statistics bear a simple truth; for our economy to grow, we need transportation systems that work for Maryland workers and businesses.

Governor Moore's transportation budget injects needed capital into our multimodal transportation system and allows MDOT and its mode to plan for and invest in our future. This includes:

- $473 million for the State Highway Administration. This funding will support critical state of good repair investments, provides over $120 million to advance the Pedestrian Safety Action Plan corridor projects, and fully funds the I-81 Phase II and the US-15 projects.
- $118 million for the Maryland Aviation Administration. This funding will support a new tower at Martin State Airport and runway and passenger experience upgrades at BWI Marshal International Airport.
- $233 million for the Maryland Port Administration. This funding fully matches the Port's historic, nearly $150 million Clean Ports Program grant to decarbonize the Port of Baltimore and rebuild the 60-year-old Berth #11 at the Dundalk Marine Terminal.
- Fully funding the $1.38 billion Maryland Transit Administration light rail modernization program that will create a modern, accessible, and reliable light rail system for visitors and residents of the Baltimore region.

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[1] Federal Highway Administration. *Employment Impacts of Highway Infrastructure Investment*. January 26, 2025. https://www.fhwa.dot.gov/policy/otps/pubs/impacts/.
[2] American Public Transportation Association. *Economic Impact of Public Transportation Investments*. 2020. https://www.apta.com/research-technical-resources/research-reports/economic-impact-of-public-transportation-investment/.
[3] Maryland Port Administration. *The 2023 Economic Impact of the Port of Baltimore*. March 2024. https://mpa.maryland.gov/Documents/MarylandEconomicimpactofPOB2023.pdf.

I would be remiss if I also did not mention the grants to local governments contained in the CTP. These investments ensure that local roads and transit systems can be maintained in a state of good repair. This includes fully funding the Highway User Revenue program and $135 million in operating support for Locally Operated Transit Systems.

MTBMA fully supports Governor Moore's investments in our transportation system as we work together to position our economy for the future. We urge your support of the BFRA of 2025.

I am happy to answer any questions you may have.

CGI_Senate.pdf
Uploaded by: Stephen Skippen
Position: FAV

Senate Budget & Taxation Committee

Subcommittee on Public, Safety, Transportation & Environment

Maryland Department of Transportation State Highway Administration
Overview

James Hand
Concrete General Inc

CONCRETE GENERAL
INCORPORATED

February 27, 2025

Chair Jackson, and Members of Committee:

My name is James Hand. I am an owner of Concrete General, Inc. (CGI) based in Gaithersburg. CGI started as a concrete flatwork contractor. That work evolved into working with developers, digging basements, and putting in sidewalks and streets. As time went on, concrete flatwork turned into building bridges, retaining walls, highways and interstates. We are proud to have grown our business in the State of Maryland and were one of the first recipients of a Progressive Design Build contract with the State Highway Administration (SHA). We are members of the MTBMA and have long joined in calls to sustainably grow our transportation revenue sources. This includes working with the Together for Transportation Funding coalition as well as the MOVE coalition.

CGI is proud to have worked on roadway, bridge, rail and transportation maintenance projects around our State. Some of these projects include the I-270 Innovative Congestion Management project in Montgomery County, I-695 PTSU project on the Baltimore Beltway, overlaying bridge decks on I-895 in Baltimore, and the interchange at MD 210 and Kerby Hill Road in Prince George's County.

Governor Moore's transportation budget injects much needed capital into the State Highway Administration (SHA). The plan provides $473 million for the State Highway Administration. This funding will support vital state of good repair investments on our highways and bridges and fully funds the I-81 Phase II and the US-15 projects, two critical local government priorities.

The Final Consolidated Transportation Program (CTP) also provides funding to begin the needed work to make our streets safer, invests in active transportation infrastructure, and ensures investments are being made in our most vulnerable communities. Specifically:

- Provides $124.5 million for the Complete Streets Program at the State Highway Administration (SHA), an increase of $27.5 million over last year's budget. This funding will advance SHA's Pedestrian Safety Action Plan (PSAP), which targets investments to some of our most problematic State Highway corridors. The CTP will advance the first five corridors – MD 650 through Montgomery and Prince George's Counties, MD 410 in Prince George's County, MD 150 in Baltimore County, MD 2 in Anne Arundel County and US 1 in Howard and Prince George's Counties – to construction. It also provides design funding to advance the next set of PSAP corridors – from Washington to St. Mary's Counties – to design.

CGI fully supports Governor Moore's investments in our transportation system as we work together to position and grow our economy and workforce for the future.

I am happy to answer any questions you may have.

HB352_MDSierra_2.27.2025.docx (2).pdf
Uploaded by: Lindsey Mendelson
Position: FWA

SIERRA CLUB
MARYLAND CHAPTER

P.O. Box 278
Riverdale, MD 20738

Committee: Appropriations and Ways and Means
Testimony on: HB 352 -- Budget Reconciliation and Financing Act
Position: Favorable with Amendments
Hearing Date: February 27, 2025

1. **Funding For Clean Energy Programs and Strategic Energy Investment Fund**

In January 2025, the Moore-Miller Administration unveiled its proposed budget for the 2026 fiscal year. The proposed budget maintains funding for essential energy-related programs including electric vehicles, clean energy, energy efficiency, electrification, and more. Notable investments include:

- $12 million in increased funding for the Maryland Department of the Environment.
- Increased funding for critical restoration projects for the Chesapeake Bay.
- $50 million in grants to support solar and geothermal heat pump installations for existing school buildings, and the construction of new net-zero schools.
- $50 million to increase solar deployment on state properties.

We appreciate the investments in these important energy-related programs.

The proposed budget also includes a one time transfer of $150 million from the Strategic Energy Investment Fund (SEIF) to the General Fund and the allocation of future interest to the general fund. We recognize the challenging budget situation, but are concerned about the transfer and the precedent it could set for future years, as SEIF is the largest source of funding for clean energy programs. We request that if this transfer is retained, that safeguards are put in place to ensure that this is truly a one-time action.

2. New Transportation Revenue

We encourage the state to consider a full suite of revenue sources that are needed to build a 21st century transportation system that improves mobility for all while mitigating pollution that fuels the climate crisis and exacerbates respiratory illnesses, especially asthma in children. **We support MDOT's proposal in the BRFA to raise $420 million per year annually through the following measures:**

- Administering at 75 cent delivery fee on retail deliveries for companies earning more than $500,000 such as Amazon. This fee only applies to products subject to Maryland sales tax and therefore would not apply to groceries, prescriptions, and similar products.
- Increasing the vehicle emissions inspection fee for vehicles from $14 to $30.
- Limiting the deduction for trade-in tax credit for vehicles to sales under $15,000.

It is critical that revenue measures are paired with reforms to prioritize funding in ways that reduce pollution, improve public health and mobility, and invest in historically underserved communities. Therefore, we strongly encourage the **House to pass the Transportation Investment Priorities Act of 2025 (HB 20) and Transportation and Climate Alignment Act of 2025 (HB 84) that** would help direct future spending in ways that align with the state's goals. Sierra Club's support for the $420 million revenue package is contingent on the Transportation Investment Priorities Act and the Transportation and Climate Alignment Act advancing at the same time.

The $420 million revenue package in the BRFA will support the Sierra Club's key transportation priorities including maintaining minimum funding levels for the Maryland Transit Administration (MTA's) state of good repair (SOGR) needs and funding the Complete Streets Program and Kim Lamphier Bikeways program. However, there is still insufficient funding for the Maryland Transit Administration's full state of good repair needs, WMATA's adjusted capital needs, expansion of Maryland's public transit system (including construction funding for the Red Line), and investments in electric vehicle infrastructure. MTA's transition to zero-emission buses required under the Zero-Emission Bus Transition Act would be delayed for nearly a decade without intervention to find new financial resources. Therefore, we urge the committees to identify and pass additional revenue measures.

Josh Tulkin
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Lindsey Mendelson
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Mariah Shriner
Climate Campaign Representative
mariah.shriner@mdsierra.org

Chamber of Progress_MD Title 18.8 HB 352 Delivery
Uploaded by: Brianna January
Position: UNF

February 27, 2025

The Honorable Ben Barnes
Chair, Committee on Appropriations
Maryland House of Delegates
Room 121, Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401-1912

Re: Oppose Retail Delivery Tax (Title 18.8) in Maryland's 2025 Budget (HB 352)

Dear Chair Barnes and members of the Committee:

On behalf of Chamber of Progress – a tech industry association supporting public policies to build a more inclusive society in which all people benefit from technological advancements – I respectfully urge you to **oppose Title 18.8 in HB 352, the FY 26 BRFA**, which would levy a 75-cent tax on retail and food deliveries throughout Maryland.

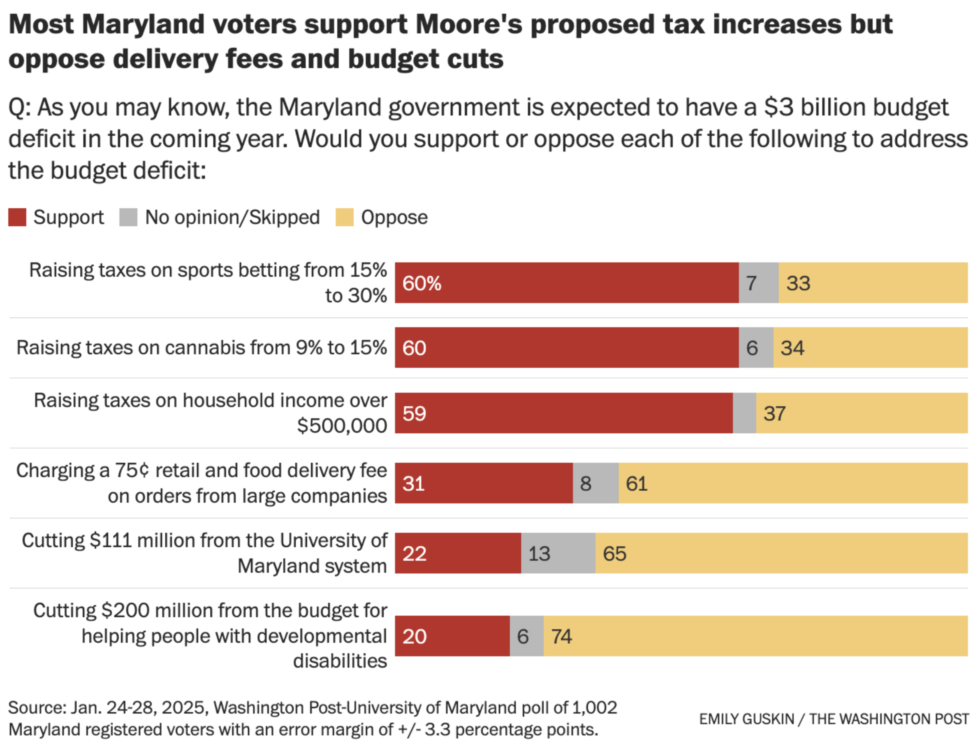
This tax is unpopular with voters and would disproportionately burden the state's most vulnerable members. Ultimately, it would increase costs for Maryland's most vulnerable residents like the disabled and homebound, elderly, and low income families, at a time when inflation, federal funding and job cuts, and economic uncertainty are hitting Marylanders' everyday bottom line. It would also threaten the income of small businesses and the workers they employ while increasing emissions and damage to roadway infrastructure.

Maryland voters oppose delivery taxes

Last year, 62% of Maryland voters said they would oppose a 50-cent tax – a full quarter less than this year's proposed tax – on retail delivery orders, and 49% said they would be less likely to vote for politicians who supported that tax.[1] According to the *Washington Post*, that opposition held firm, with 61% of voters opposing the Governor's 75-cent tax proposal.[2]

[1] *See* Chamber of Progress and Public Policy Polling, Maryland Delivery and Rideshare Fee Survey Results https://progresschamber.org/wp-content/uploads/2024/02/Chamber-of-Progress_Maryland-Delivery-and-Rideshare-Fee-Survey-Feb-2024.pdf

[2] *See* Washington Post, "Poll: Md. Gov. Moore's taxes on the wealthy and cannabis are popular" https://www.washingtonpost.com/dc-md-va/2025/01/31/maryland-poll-moore-budget-proposals/



These results are unsurprising given the wide variety of Marylanders who depend on delivery services. A broad coalition spoke out against the proposed fee last year, from the Mayor of Annapolis and representatives of the Prince George's City Council to the National Federation of the Blind Maryland and the Maryland Chamber of Commerce.[3] Given persistently high inflation throughout the state,[4] now is not the time to move forward with an unpopular, costly delivery tax.

Delivery taxes increase costs and threaten access to essential goods for marginalized communities

Recent data highlights the growing reliance on delivery services nationwide and its impact on underserved communities. Between 2021 and 2022, 54%t and 41%of adults surveyed nationwide reported they were likely to have frequently used an app to deliver food and groceries, respectively,[5] and studies suggest the average order frequency for groceries will increase at a 12%annual rate over the next five years.[6]

Delivery services are critical for Maryland families struggling to access essential household goods. A third of Maryland residents face hunger and experience food

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[3] *See* Chamber of Progress https://nodoorsteptax.com/md/
[4] *See* Congression Joint Economic Committee Report, Maryland https://www.jec.senate.gov/cards/md/
[5] *See* Chamber of Progress http://progresschamber.org/wp-content/uploads/2022/07/COP_Civic-Innovation_ANALYSIS.pdf
[6] *See* Online grocery sales will increase at 12% annual rate over 5 years, report says https://www.grocerydive.com/news/online-grocery-sales-will-increase-at-12-annual-rate-over-5-years-report/641578

insecurity,[7] and nearly 1 in 4 Baltimore residents live in a food desert.[8] For these residents, grocery and meal delivery services increase options for healthy, nutritious food and other household essentials.

Moreover, 11.6% of Marylanders live with a disability.[9] Many of these individuals, who have difficulty shopping in person, also depend on delivery services for prescriptions, groceries, and household goods.[10] The imposition of delivery taxes can exacerbate challenges in accessing essential goods and services for people with disabilities, who often face additional financial burdens.[11]

A survey of Colorado residents found that the burden of a 27-cent delivery tax fell hardest on low-income families. Families earning less than $75,000 spent 2.5 times as much on delivery taxes as families earning over $200,000.[12] Increasing the cost of deliveries of food and household goods would further burden struggling families in Maryland.

Delivery taxes hurt small businesses and workers

Small businesses are the backbone of Maryland's economy, comprising 99.6% of all businesses and employing almost half of the workforce.[13] In 2024, Maryland small businesses drove 92.1% of overall job growth.[14] Imposing delivery taxes would threaten many of these businesses, especially restaurants and businesses that depend on online marketplaces to reach customers.

While the tax would not apply to direct purchases businesses in their first year of operations or those earning less than $500,000 per year, many small businesses operate on online marketplaces in order to reach more customers and take advantage of sophisticated logistics and shipping operations. Orders made on those platforms would be subject to the tax, resulting in higher prices for consumers.

When a similar tax was imposed in Colorado, many small businesses raised concerns about increased costs, and customers complained about increased prices.[15] Such price

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[7] *See* Maryland Food Bank https://mdfoodbank.org/hunger-in-maryland/whats-at-stake/
[8] *See* The Baltimore Banner https://www.thebaltimorebanner.com/culture/food-drink/food-desert-grocery-shopping-H3LPOOZDARD6VNVIXSZET5OEUU/
[9] *See* Maryland Department of Planning https://planning.maryland.gov/MSDC/Documents/American_Community_Survey/2023/Charts/Disability-Sep-2023.pdf
[10] *See* Home delivery services serve up improved accessibility to food and more https://www.ameridisability.com/home-delivery-services-serve-up-improved-accessibility-to-food-and-more/
[11] *See* The National Disability Institute https://www.nationaldisabilityinstitute.org/wp-content/uploads/2018/12/finra-infographic.pdf
[12] *See* Chamber of Progress http://progresschamber.org/wp-content/uploads/2024/02/EY-Chamber-of-Progress-Colorado-delivery-fee-analysis-02-27-2024-FINAL.pdf s
[13] *See* U.S. Small Business Administration https://advocacy.sba.gov/wp-content/uploads/2024/11/Maryland.pdf
[14] *See* U.S. Small Business Administration https://advocacy.sba.gov/wp-content/uploads/2024/11/Maryland.pdf
[15] *See* New Colorado retail delivery fee causing issues for small businesses https://www.kktv.com/2022/07/07/new-colorado-retail-delivery-fee-causing-issues-small-businesses/?utm_source=dlvr.it&utm_medium=twitter

increases would lead to a drop in demand, resulting in decreased business revenues and wages for delivery drivers. In Colorado, the delivery tax has caused an annual loss of $17.1 million in wages for local workers, including restaurant employees, and puts over 61,000 jobs across various industries.[16]

Women,[17] Gen Z, and millennials[18]—many of whom are already struggling to make ends meet—are increasingly turning to delivery work as a way to offset rising costs and earn supplemental income. Delivery taxes disproportionately harm these workers, undermining their ability to support themselves and their families while contributing to the local economy.

Delivery taxes would also increase roadway usage and environmental damage

Delivery services, particularly retail and e-commerce deliveries, consolidate trips and use route-optimization technology, making them more efficient than multiple individual trips. Unnecessary delivery fees would discourage consumers from choosing delivery options and result in more individual trips to the store, putting more cars on the road and more emissions in the air. In Maryland alone, the use of delivery services could result in nearly 160 million fewer miles driven in one year, reducing wear and tear on roadways and decreasing roadway emissions.[19] This fee would undermine the state's efforts to reduce greenhouse gas emissions by 50% by 2030.[20]

Delivery services are critical in supporting marginalized communities and sustaining small businesses statewide. Tax policies should not jeopardize the benefits they provide to families and workers. For these reasons, we urge you to **oppose Title 18.8 in HB 352, Maryland's FY 26 BRFA, and leave this regressive delivery tax proposal at the door.**

Sincerely,

BJanuary

Brianna January
Director of State & Local Government Relations, Northeast US

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[16] *See* The Negative Economic Impacts of Retail Delivery Fees https://progresschamber.org/wp-content/uploads/2024/08/Retail-Delivery-Fees-White-Paper-Econ-Impact-CHOP.pdf
[17] *See* https://about.doordash.com/en-us/news/a-majority-of-dashers-are-women-heres-why-they-choose-doordash
[18] *See* 2024 Gen Z and Millennial Survey https://www.deloitte.com/global/en/issues/work/content/genz-millennialsurvey.html
[19] *See* Efficiency and Emissions Impact of Last Mile Online Delivery in the U.S. https://progresschamber.org/wp-content/uploads/2024/06/Chamber-of-Progress-Efficiency-and-Emissions-Impact-of-Last-Mile-Online-Delivery-in-the-US.pdf
[20] *See* Maryland Department of the Environment https://mde.maryland.gov/programs/air/ClimateChange/Pages/Greenhouse-Gas-Emissions-Reduction-Act-(GGRA)-Plan.aspx#:~:text=%E2%80%8B%E2%80%8B%E2%80%8BThe%202030,Maryland%20Commission%20on%20Climate%20Change.

CHoP_Assessing-Impact-Maryland-Delivery-Tax.pdf
Uploaded by: Brianna January
Position: UNF

Assessing the Impact of a Maryland Delivery Tax

Economic, Social, and Environmental Considerations

Kaitlyn Harger

February 2025

CHAMBER OF PROGRESS

Assessing the Impact of a Maryland Delivery Tax

Economic, Social, and Environmental Considerations

Kaitlyn Harger

About Chamber of Progress

Chamber of Progress is a center-left tech industry policy coalition promoting technology's progressive future. We work to ensure that everyone benefits from technological leaps, and that the tech industry operates responsibly and fairly.

Our corporate partners do not have a vote on or veto over our positions. We do not speak for individual partner companies and remain true to our stated principles even when our partners disagree.

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Table of Contents

Executive Summary

As Maryland considers implementing a delivery tax to generate additional state revenue, it is essential to evaluate its economic, social, and environmental implications. This report examines consumer sentiment, economic impacts, and potential unintended consequences of such a policy in Maryland.

Key Findings

1. **Widespread Voter Opposition:**
    - **62% of Maryland residents** oppose the implementation of a delivery tax on most home-delivered purchases, indicating strong public resistance to the policy.

2. **Disproportionate Impact on Vulnerable Populations:**
    - Delivery taxes are **regressive**, disproportionately affecting low-income households, who would pay a higher percentage of their income in additional taxes.
    - Individuals with **disabilities, older adults, and those dependent on delivery services** for essential goods would face increased financial hardship.

3. **Economic Harm to Jobs and Wages:**
    - The delivery tax is projected to result in **-1,116 job losses** and nearly **-$42 million in lost wages annually** across multiple sectors, including restaurants, grocery, e-commerce, and delivery services.
    - When accounting for **indirect and induced effects**, total job losses could reach **-1,478**, with **economic output declining by nearly -$170 million annually**.

4. **Environmental Concerns:**
    - While delivery systems typically reduce carbon emissions by **consolidating multiple deliveries into a single trip**, a delivery tax may incentivize consumers to make more individual store trips, **increasing emissions**.
    - Research indicates that **batched deliveries are 1.1x to 2.7x more efficient** than individual car trips, making delivery services a more environmentally sustainable option.

5. **Increased Cost of Living:**

- Maryland's cost of living is already **16% higher than the national average**, and the introduction of a delivery tax would place additional financial strain on households, particularly amid rising expenses.

This analysis underscores the broad-ranging effects of a delivery tax, highlighting significant opposition among residents, potential economic harm, environmental trade-offs, and added financial burdens on workers and consumers.

Introduction

With fuel tax revenue in decline, many states are searching for alternative funding sources. Delivery taxes have emerged as a potential replacement, with some states actively considering their implementation. As of January 2025, Hawaii, Indiana, Maryland, Mississippi, Oregon, Pennsylvania, and Washington were actively exploring delivery taxes, while Colorado and Minnesota have already implemented them. New York and Maryland both considered and rejected delivery tax proposals in 2022 and 2023, respectively. The regressivity of the tax in New York was called out by Representative Alexandria Ocasio-Cortez in a tweet saying, "Maybe instead of taxing people who need baby formula and essential goods, we tax those who have profited billions from a global pandemic?".[1]

Colorado's tax took effect in July 2022 at a rate of $0.27, increasing yearly to $0.29 in 2024.[2] The state imposes a Retail Delivery Fee on deliveries made by motor vehicles to locations in Colorado with at least one good that is subject to the state Sales or Use Tax.[3] Under the statute, each order for delivery is subject to the delivery tax regardless of how many shipments are required to deliver the purchased product.[4] The tax does not apply to wholesale sales or deliveries made entirely without using a motor vehicle. Colorado now exempts businesses with retail sales of $500,000 or less in the previous year.[5] There is currently a proposal in Colorado to repeal the delivery tax.

Minnesota's $0.50 tax went into effect July 1, 2024, and features more exemptions, applying only to purchases $100 or more in value.[6] The tax applies to products subject to the sales tax and clothing. The tax is charged once per order, regardless of the number of shipments required to deliver the items. Minnesota excludes retailers with sales less than $1,000,000 in the previous year and excludes restaurant deliveries, including those facilitated through third-party delivery services.[7] There is also currently a proposal in Minnesota to repeal this delivery tax.

1 Alexandria Ocasio-Cortez (@AOC), "You know why all this backlash happens when we say 'Tax the Rich?' Because the unquestionable norm is to tax the poor & working class," *X (formerly Twitter)*, December 8, 2020, https://x.com/AOC/status/1336347666117259276.

2 Colorado Department of Revenue, "Retail Delivery Fee Rates," Colorado Department of Revenue, accessed January 31, 2025, https://tax.colorado.gov/retail-delivery-fee-rates.

3 Colorado Department of Revenue, "About the Retail Delivery Fee," Colorado Department of Revenue, n.d., https://tax.colorado.gov/retail-delivery-fee.

4 Colorado Department of Revenue, "Deliveries That Are Subject to the Fee," Colorado Department of Revenue, accessed January 31, 2025, https://tax.colorado.gov/retail-delivery-fee-deliveries.

5 Colorado Department of Revenue, "Retailers Liable for the Fee," Colorado Department of Revenue, accessed January 31, 2025, https://tax.colorado.gov/retail-delivery-fee-retailers.

6 Minnesota Department of Revenue, "Retail Delivery Fee," Minnesota Department of Revenue, accessed January 31, 2025, https://www.revenue.state.mn.us/retail-delivery-fee.

7 Minnesota Department of Revenue, "Retail Delivery Fee."

Additionally, Minnesota's tax is not raising the expected amount of revenue. In October 2023, when HF 2887 was being considered, the estimated revenue raised for Fiscal Year 2026 was $64,800,000.[8] However, the revenue estimate for the repeal of the delivery tax estimates a revenue loss of only $41,250,000.[9] This amounts to roughly 63.66% of the original expected revenue for the fiscal year.

As Maryland considers implementing a delivery tax, it is important to assess its potential economic and social effects. This report explores how the tax could influence consumers, workers and wages, and low-income households, along with those who rely on delivery services due to disabilities, mobility limitations, or transportation barriers. It also evaluates the potential ripple effects on the job market, wage levels, overall economic activity, and environmental concerns, including its impact on carbon emissions.

The findings indicate strong opposition to a delivery tax among Maryland voters, with 62% expressing disapproval of its implementation. The analysis underscores the tax's regressive impact, its potential to cause job losses and reduced economic activity, and the unintended consequence of higher carbon emissions as consumers shift to more personal trips. Given these concerns, policymakers should carefully evaluate the broader economic and environmental implications before moving forward with a delivery tax in Maryland.

8 Minnesota Department of Revenue. "Sales and Use Tax: Retail Delivery Fee." *Analysis of Chapter 68 (H.F. 2887) Article 3, Sections 8-12*, October 26, 2023. Accessed February 13, 2025. https://www.revenue.state.mn.us/sites/default/files/2023-10/chapter-68-hf2887-art-3-sec-8-12-retail-delivery-fee-2.pdf.

9 Minnesota House of Representatives. "Various Taxes." *House Research Department*, accessed February 13, 2025. https://www.house.mn.gov/comm/docs/HoA0XGa0L0ezCNH0BOFvBA.pdf.

01. Constituent Sentiments About Delivery Taxes in Maryland

Delivery behavior

It is important to first understand delivery behavior to understand how delivery taxes will impact households. Chamber of Progress commissioned research by Ernst & Young released in 2023 to study the impact of Colorado's delivery tax. Ernst & Young conducted polling of Colorado voters to determine voter delivery behavior. One polling question asked respondents how often they have various purchases or orders delivered to their homes. The results are shown below in Figure 1.

FIGURE 1.
Colorado Deliveries by Delivery Type

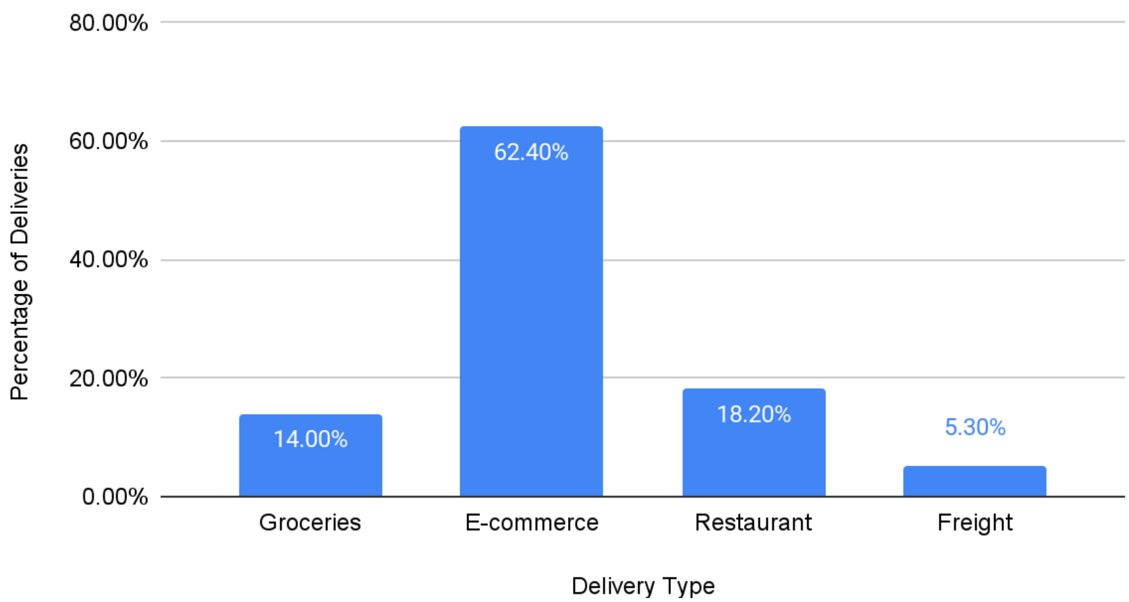


Chart: Kaitlyn Harger, Chamber of Progress. Reference: Chamber of Progress, Ernst & Young Polling.

Data from Colorado suggest that, on average, people receive 8.5 monthly deliveries, distributed as 14% groceries, 62% e-commerce, 18% restaurants, and 5% freight.[10] [11]

10 Ernst & Young, "Colorado Retail Delivery Fee and household delivery orders", February 27, 2024, https://progress-chamber.org/wp-content/uploads/2025/01/EY-Chamber-of-Progress-Colorado-delivery-fee-analysis-02-27-2024-FINAL-1-1.pdf.

11 Freight includes large items like furniture and exercise equipment. For the purposes of this analysis, I combine e-commerce and freight deliveries since freight deliveries often come from e-commerce retailers.

This suggests that households receive a significant number of deliveries each month. Additionally, a report on delivery taxes in Washington state revealed that retail deliveries accounted for 20% of total retail spending by 2023.[12]

Delivery Orders by Household Income

Ernst & Young also analyzed delivery behavior by level of household income. The results from this analysis are presented below in Figure 2.

FIGURE 2.
Average Total Delivery Orders by Household Income Level, CO

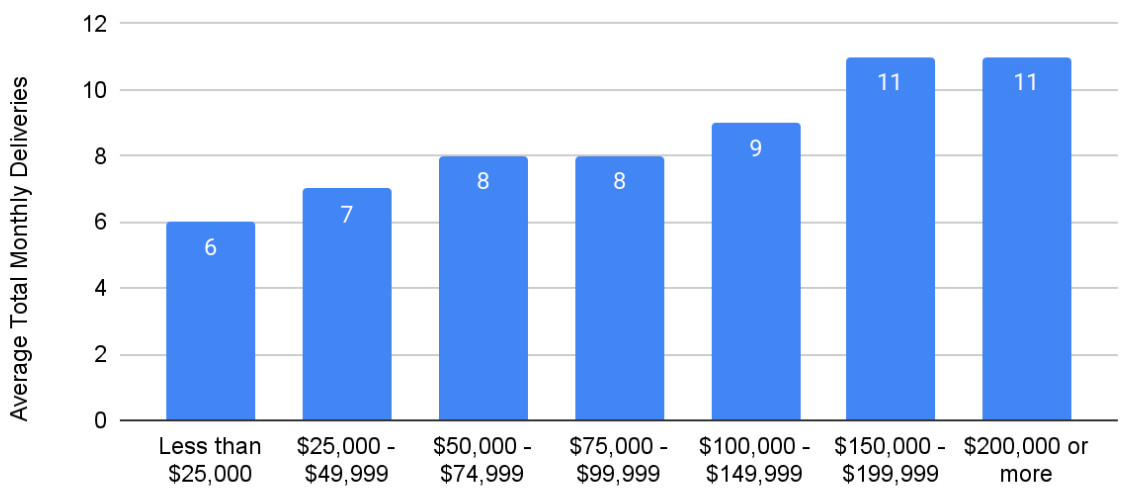


Chart: Kaitlyn Harger, Chamber of Progress. Reference: Chamber of Progress, Ernst & Young Polling.

As shown in Figure 2, households with income less than $25,000 receive on average six deliveries per month. The amount of deliveries per month slowly increases with household income with households making $150,000 or more ordering on average 11 deliveries per month.

According to the U.S. Census American Community Survey, Maryland's median household income was $101,652 in 2023.[13] Based on delivery trends, a household with this income level in Maryland would likely receive approximately nine deliveries per month.

Disability Use of Delivery Services

When considering delivery taxes, it is crucial to consider those who additional delivery costs may disproportionately impact. Some people utilize delivery services due to disability status, injury, sickness, or mobility issues.

12 Washington State Legislature, "Retail Delivery Fee Analysis," June 2024, https://leg.wa.gov/media/kqojsh4i/retaildeliveryfeeanalysis_finalreport.pdf.

13 U.S. Census Bureau, *QuickFacts: Maryland*, accessed February 6, 2025, https://www.census.gov/quickfacts/fact/table/MD/BZA110222.

Polling conducted by Ernst & Young highlights the distribution of deliveries in Colorado based on disability-related reliance, as shown in Figure 3.

FIGURE 3.

Number of Monthly Deliveries by Disability Status, CO

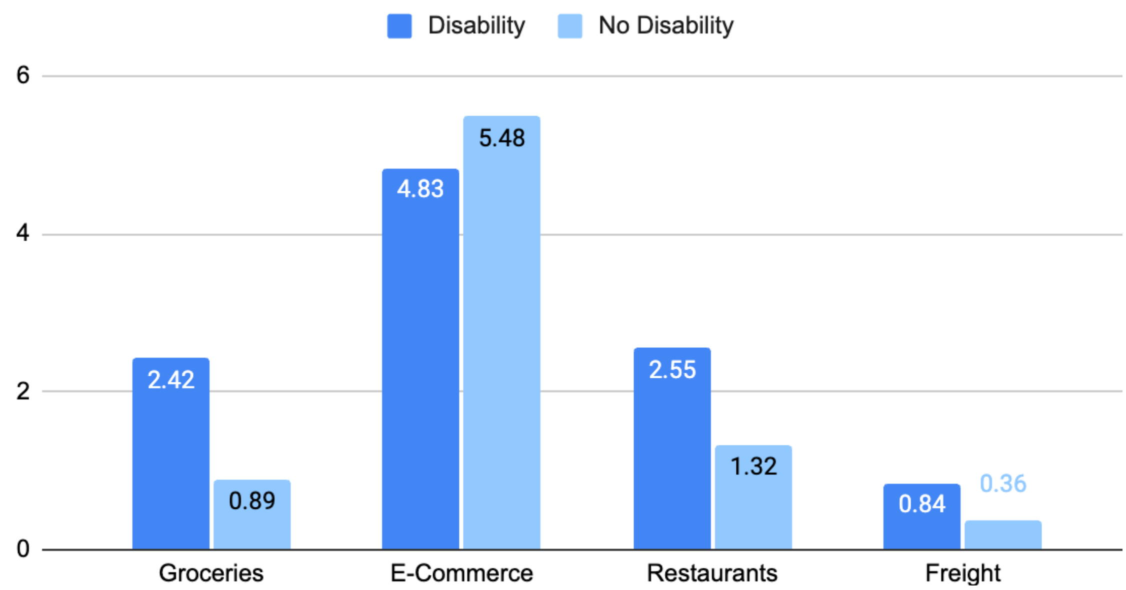


Chart: Kaitlyn Harger, Chamber of Progress. Reference: Chamber of Progress, Ernst & Young Polling.

Survey data indicate that individuals who depend on delivery services due to a disability receive significantly more grocery, restaurant, and freight deliveries compared to those without such reliance. Specifically, they place 2.7 times more grocery orders, 1.9 times more restaurant deliveries, and 2.3 times more freight shipments. Although they tend to order fewer e-commerce deliveries on average, they still receive nearly five e-commerce deliveries per month.

Cost of Living

Delivery taxes will also impact the cost of living by raising prices for consumers, some of whom are on fixed incomes. Ernst & Young also analyzed monthly delivery orders by employment status. They considered employment categories of: fully retired, employed full-time, employed-part time, not employed but currently seeking work, and not employed and not seeking work. Figure 4 shows the results of this analysis.

FIGURE 4.
Delivery Orders by Employment Status, CO

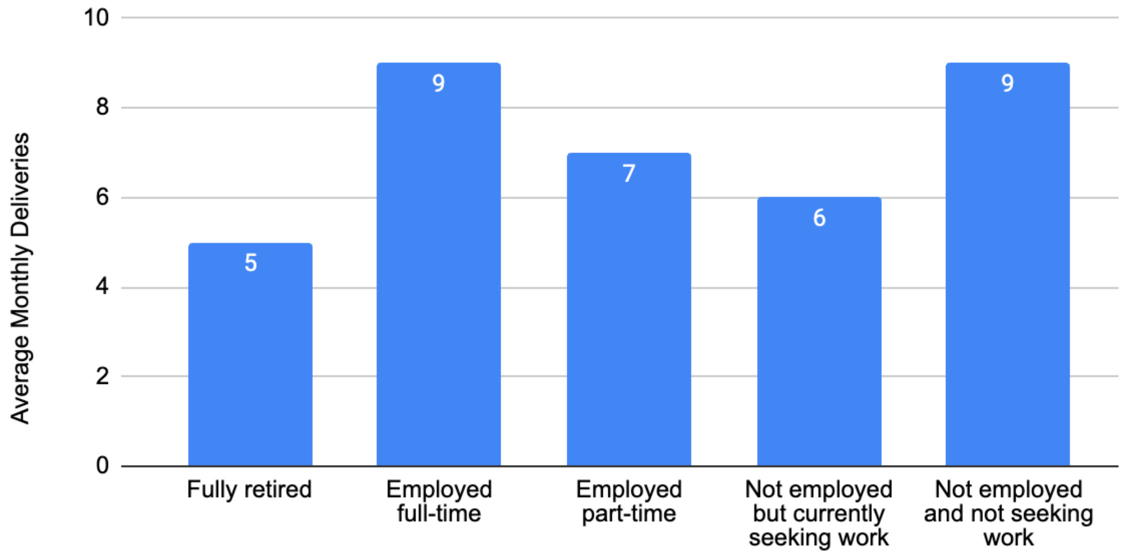


Chart: Kaitlyn Harger, Chamber of Progress. Reference: Chamber of Progress, Ernst & Young Polling.

Even among unemployed individuals and those fully retired, monthly delivery volumes remain significant, averaging six and five orders per month, respectively. Implementing a delivery tax would place an additional financial burden on households already reliant on fixed incomes or facing economic hardship. With the cost of living in Maryland already 16% above the national average, according to RentCafe, such a tax would further escalate expenses in an already costly environment.[14]

Carbon Emissions

Delivery taxes could also influence carbon emissions. One potential outcome is that consumers may choose to drive to pick up their orders instead of paying the tax, leading to more vehicles on the road and higher emissions. Additionally, shoppers might need to make multiple trips to collect items that were previously consolidated into a single delivery, further contributing to increased carbon output.

A study by Steer and Fourth Economy, commissioned by the Chamber of Progress, found that order batching in deliveries improves efficiency and lowers carbon emissions compared to individual trips. Titled *"Efficiency and Emissions Impact of Last Mile Online Delivery in the U.S.,"* the research analyzed potential carbon savings from online deliveries versus in-person car trips for restaurant, retail, and grocery orders.[15]

14 RentCafe. "Cost of Living in Maryland." *RentCafe*, accessed February 6, 2025. https://www.rentcafe.com/cost-of-living-calculator/us/md/.

15 Chamber of Progress, *Efficiency and Emissions Impact of Last Mile Online Delivery in the U.S.*, June 2024, accessed February 6, 2025, https://progresschamber.org/wp-content/uploads/2024/06/Chamber-of-Progress-Efficiency-and-Emissions-Impact-of-Last-Mile-Online-Delivery-in-the-US.pdf.

Steer's analysis determined that e-commerce deliveries were the most efficient, proving 2.3 to 2.7 times more efficient than individual consumer trips. This translates to a reduction of 1,416 miles of travel and 62 gallons of fuel per 1,000 items delivered. Research from Steer and Fourth Economy also found that batched grocery deliveries were 1.1 to 1.5 times more efficient than single grocery trips, saving approximately 300 miles of travel and 13 gallons of fuel per 1,000 items. Additionally, when restaurant deliveries are made using efficient vehicles like bikes and e-bikes, they can be 0.9 to 1.1 times as efficient as individual trips, reducing travel by up to 53 miles and saving 13 gallons of fuel per 1,000 items.

Support or Oppose

Chamber of Progress polling conducted in Maryland asked survey respondents whether they support or oppose a delivery tax on most purchases delivered to their homes.[16] Figure 5, shown below, presents the results of that polling.

FIGURE 5.
In order to help fund transportation projects in Maryland, the State Legislature is considering placing a 50-cent fee on every delivery from Amazon; every food or grocery delivery from services like DoorDash, Instacart, or Grubhub; and every ride in an Uber or Lyft. Would you support or oppose this fee?

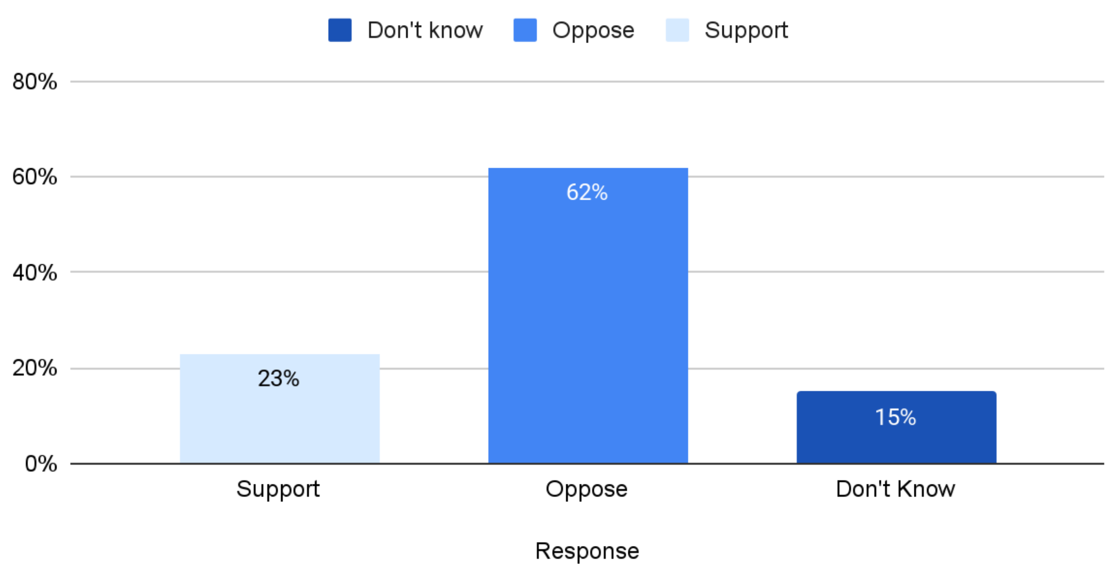


Chart: Kaitlyn Harger, Chamber of Progress. Reference: Chamber of Progress Polling.

62% of Maryland respondents indicated that they oppose the imposition of a delivery tax on most items delivered to their homes.

16 This polling was completed in 2024 when Maryland was considering a tax of only $0.50. Opposition is likely to be higher with a larger tax.

Maryland seeks to raise $225 million from the implementation of a delivery tax, according to reporting from the *Washington Post*.[17] However, Maryland is facing a budget deficit of $3 billion in fiscal year 2026.[18] The revenue from this tax would only cover 7.50% of the deficit and would bring with it many unintended consequences.

The findings from the polling conducted in Colorado and Maryland provide valuable insights into how a delivery tax could impact Maryland residents. Households across all income levels rely on deliveries, with lower-income households averaging six deliveries per month, while higher-income households place even more frequent orders. Individuals with disabilities, mobility limitations, or health issues depend heavily on delivery services, making them particularly vulnerable to additional costs. A delivery tax would disproportionately affect these groups, as well as retirees and unemployed individuals who already face financial constraints. Given that Maryland's cost of living is already 16% above the national average, adding a delivery tax would further strain household budgets. Additionally, delivery taxes could contribute to increased carbon emissions if consumers opt to make more individual trips rather than pay the tax. Public sentiment reflects these concerns, with 62% of Maryland residents opposing the introduction of such a tax.

17 "Ian Duncan and Erin Cox, 'Moore Administration Targets $2 Billion Cut to Md. Transportation Projects,' *The Washington Post*, January 15, 2025, https://www.washingtonpost.com/dc-md-va/2025/01/15/maryland-transportation-budget-delivery-fees/, accessed February 13, 2025."

18 "Governor's Budget Proposal to Include Tax Cuts and 'Growth Agenda' Spending," *Maryland Matters*, January 14, 2025, https://marylandmatters.org/2025/01/14/governors-budget-proposal-to-include-tax-cuts-and-growth-agenda-spending/.

02. Estimated Impact on Prices and Tax

To analyze the impact of a delivery tax on various products, I adopted the methodology used by NDP Analytics in their report, "The Negative Impacts of Retail Delivery Fees".[19] I began by examining the effective tax rate across different product categories, applying a $0.75 tax as referenced in reporting by *The Washington Post.*[20]

Following NDP, I considered three household items and three food products, as shown in Table 1.

TABLE 1.
Retail Delivery Tax ($0.75) Relative to Price

Product	Retail Price	Delivery Tax Rate ($0.75/ Price)	Sales Tax + Delivery Tax
Bounty Quick Size Paper Towels	$24.42	3.1%	9.1%
Glad Trash Bags	$21.77	3.4%	9.4%
Pizza Hut 14" Large Pizza	$19.14	3.9%	9.9%
Clorox Disinfecting Wipes Value Pack	$12.47	6.0%	12.0%
McDonald's Big Mac Meal	$11.29	6.6%	12.6%
Potbelly Turkey Sandwich	$8.39	8.9%	14.9%

Table: Kaitlyn Harger, Chamber of Progress. Reference: NDP Analytics Report.

It is important to note that lower-priced items bear a higher effective tax rate, as the fixed delivery tax represents a larger proportion of their overall cost. Among the six products analyzed, the effective tax rate ranges from 3.1% to 8.9%. However, Maryland's existing 6% sales tax compounds this burden, as it applies in addition to the delivery tax. As a result, consumers would face a combined effective tax rate ranging from 9.1% to 14.9%, further increasing the financial impact of these taxes.

19 NDP Analytics, *Retail Delivery Fees: Economic Impact White Paper*, August 2024, accessed January 31, 2025, https://progresschamber.org/wp-content/uploads/2024/08/Retail-Delivery-Fees-White-Paper-Econ-Impact-CHOP.pdf.

20 "Ian Duncan and Erin Cox, 'Moore Administration Targets $2 Billion Cut to Md. Transportation Projects,' *The Washington Post*, January 15, 2025, https://www.washingtonpost.com/dc-md-va/2025/01/15/maryland-transportation-budget-delivery-fees/, accessed February 13, 2025."

03. Estimated Burden by Income Range

Delivery taxes are also regressive in that lower-income people pay more of their income to delivery taxes. A delivery tax of $0.75 and a series of income ranges show that delivery taxes are magnitudes higher as a share of household income for lower-income households than higher-income households.

Although lower-income households place fewer delivery orders, the delivery tax remains regressive, as it represents a larger proportion of their income compared to higher-income households. To illustrate this disparity, the following figure presents the impact of a $0.75 delivery tax as a percentage of annual household income, relative to households earning $200,000 or more.[21]

FIGURE 6.
Retail Delivery Taxes Paid as a Share of Annual Household Income Relative to Household Income with $200,000 or more

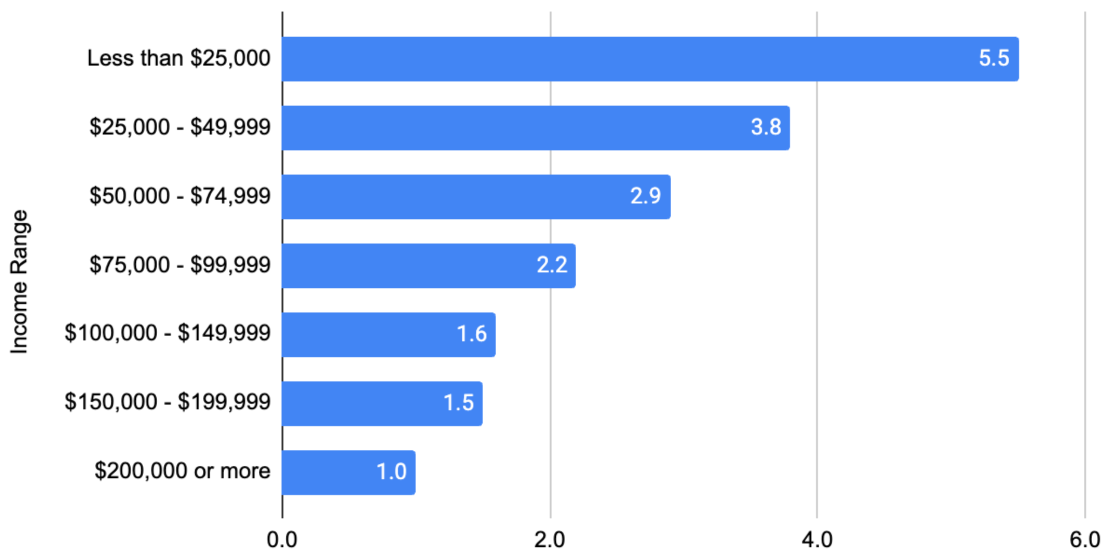


Chart: Kaitlyn Harger, Chamber of Progress. Reference: NDP Analytics Report.

As illustrated in Figure 6, households earning less than $25,000 contribute 5.5 times more in delivery taxes than those with incomes exceeding $200,000 when adjusted for income and delivery frequency. Similarly, households with incomes between $25,000 and $49,999 pay 3.8 times more, while those earning between $50,000 and $74,999 pay 2.9 times as much. Even

21 For this calculation a household income of $300,000 was used, following Ernst & Young's approach, since the average income of the highest income group was $300,000 based on data from the U.S. Bureau of Labor Statistics Consumer Expenditures Survey.

households with incomes between $75,000 and $99,999 face more than double the tax burden relative to high-income earners. Notably, even those in the $100,000–$149,999 and $150,000–$199,999 brackets still pay a relatively higher share compared to the highest-income households when accounting for income level and delivery frequency. These findings indicate that a retail delivery tax of this nature is regressive, disproportionately impacting lower-income households compared to their wealthier counterparts.

04. Estimated Reduction in Restaurant Orders and Sales

How might households react to a delivery tax? By increasing the cost of deliveries, such a tax may prompt some households to forgo delivery services altogether. For some, this could mean opting to pick up purchases in-store, while others may decide to forgo certain orders entirely. To gauge consumer sentiment, Chamber of Progress asked voters in Maryland whether a delivery tax would make them less likely to use delivery services. The results of this survey question are presented in Figure 7.

FIGURE 7.
Retail Delivery Taxes Paid as a Share of Annual Household Income Relative to Household Income with $200,000 or more

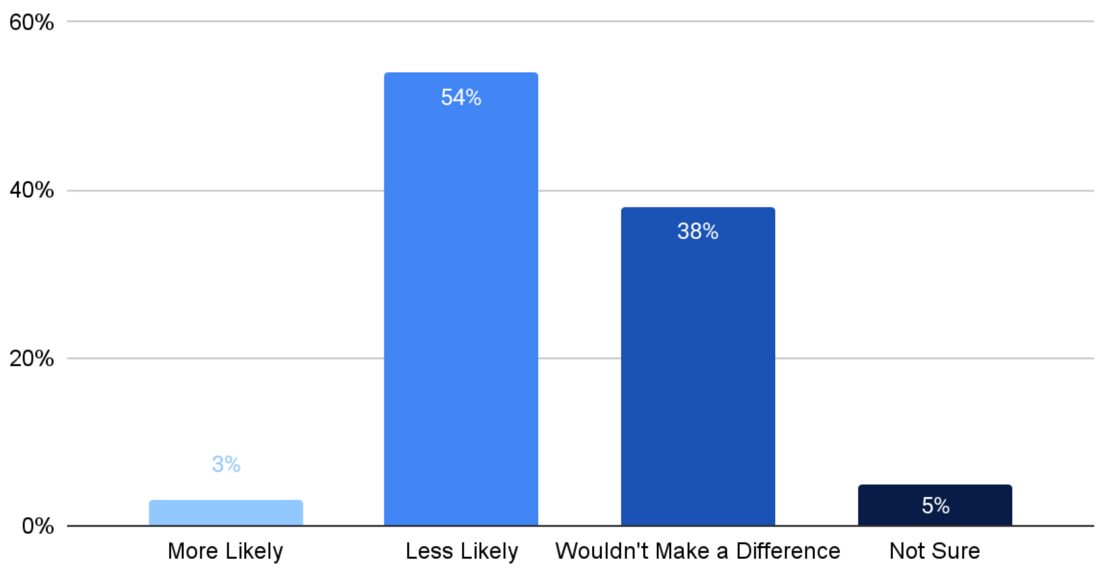


Chart: Kaitlyn Harger, Chamber of Progress. Reference: Chamber of Progress Polling.

The polling results reveal that 54% of respondents would reduce their use of delivery services if Maryland were to impose a delivery tax. This decline would not only affect platforms like DoorDash and Uber Eats but also have broader economic repercussions, reducing revenue for businesses that depend on delivery orders, particularly restaurants that rely on these services to reach customers.

To gain deeper insight into this trend, I estimated the potential decline in sales resulting from a $0.75 delivery tax, using the methodology employed by NDP Analytics.

05. Estimating the Reduction in Deliveries, Workers, and Wages from a Delivery Tax

I analyzed the impact of delivery taxes on different types of deliveries, beginning with their effect on restaurant and food delivery workers. Maryland aims to generate $225 million annually from delivery taxes, based on a $0.75 tax per delivery.[22] This revenue target suggests a total delivery volume of 300 million orders per year.

Using survey data from Colorado, I estimated that restaurant delivery orders would account for 18% of the revenue generated from a retail delivery tax.[23] This percentage translates to approximately $40.97 million in tax revenue from 54.63 million meal deliveries. With the median cost of a takeout order on DoorDash estimated at $30, the proposed $0.75 tax would effectively raise the price of an average order by 2.5%.[24] Given this price point, the total value of restaurant food delivered in Maryland is projected to be around $1.6 billion.

To assess the impact of the delivery tax on sales, consumer behavior was analyzed using the concept of demand elasticity. The price elasticity of demand for freshly prepared meals is estimated at -0.81, indicating that consumers are responsive to price changes.[25] Based on this elasticity, the projected decline in restaurant delivery orders is approximately -1,106,197, resulting in an estimated reduction in sales of -$33,185,914.

22 *The Washington Post*, "Maryland Transportation Budget and Delivery Fees," January 15, 2025, accessed February 6, 2025, https://www.washingtonpost.com/dc-md-va/2025/01/15/maryland-transportation-budget-delivery-fees/.

23 Ernst & Young, "Colorado Retail Delivery Fee and household delivery orders."

24 DoorDash, "Building Affordable Access for All Consumers," DoorDash, accessed January 31, 2025, https://about.doordash.com/en-us/news/building-affordable-access-for-all-consumers.

25 Tatiana Andreyeva, Michael W. Long, and Kelly D. Brownell, "The Impact of Food Prices on Consumption: A Systematic Review of Research on the Price Elasticity of Demand for Food," *American Journal of Public Health* 100, no. 2 (2010): 216–222, https://doi.org/10.2105/AJPH.2008.151415.

TABLE 2.
Estimated Reduction in Restaurant Orders and Sales from a Delivery Tax

Reduction in Restaurant Orders	-1,106,197
Reduction in Restaurant Sales	-$33,185,914

Table: Kaitlyn Harger, Chamber of Progress.

To assess the impact of reduced sales due to the delivery tax on restaurant employment, the estimated revenue decline was divided by the average revenue generated per restaurant worker. With an average revenue per worker of $61,300, the projected sales decrease corresponds to a reduction of approximately -541 restaurant jobs.[26] Considering that the average annual wage for restaurant employees in Maryland is $36,420, this job loss translates to an estimated total wage reduction of -$19,716,656.[27] Table 3 outlines the anticipated job and income losses associated with the delivery tax.

TABLE 3.
Estimated Reduction in Restaurant Workers and Wages from a Delivery Tax

Reduction in Workers	-541
Reduction in Wages	-$19,716,656

Table: Kaitlyn Harger, Chamber of Progress.

The reduction in delivery driver jobs and wages due to decreased restaurant delivery orders was estimated using survey data from Colorado, which projects a decline of -1,106,197 restaurant deliveries in Maryland as a result of the delivery tax. NDP data indicates that workers complete an average of four deliveries per hour. Assuming full-time employment at 2,080 hours per year, the estimated decrease in full-time delivery drivers was calculated by dividing the reduction in deliveries by the deliveries per hour and total working hours, resulting in a loss of approximately -133 full-time drivers. However, DoorDash reports that its workers typically deliver around four hours per week, suggesting a potential loss of -1,330 part-time workers.[28] According to the Bureau of Labor Statistics, delivery drivers in Maryland earn an average annual salary of $39,160, meaning this workforce reduction would result in an estimated total wage loss of -$5,206,572.[29]

26 Aaron Allen & Associates, "Restaurant Income Statements," Aaron Allen & Associates, accessed January 31, 2025, https://aaronallen.com/blog/restaurant-income-statements.

27 U.S. Bureau of Labor Statistics, "Occupational Employment and Wages in Maryland," U.S. Bureau of Labor Statistics, accessed February 6, 2025, https://www.bls.gov/oes/current/oes_md.htm .

28 DoorDash, "Insights into the Flexibility and Freedom of Dashing," DoorDash, July 27, 2023, https://about.doordash.com/en-us/news/insights-into-the-flexibility-and-freedom-of-dashing#an-average-of-4-hours-per-week-doesnt-always-mean-4-hours-every-week.

29 U.S. Bureau of Labor Statistics, "Occupational Employment and Wages in Maryland – Transportation and Material Moving Occupations," U.S. Bureau of Labor Statistics, accessed January 31, 2025, https://www.bls.gov/oes/current/oes_md.htm .

TABLE 4.
Estimated Reduction in Restaurant Delivery Workers and Wages from a Delivery Tax

Reduction in Full-Time Restaurant Delivery Workers	-133
Reduction in Restaurant Delivery Worker Wages	-$5,206,572

Table: Kaitlyn Harger, Chamber of Progress.

A decrease in grocery orders could also lead to job and wage losses if consumers shift away from grocery delivery due to the tax. Research by Tatiana Andreyeva, Michael W. Long, and Kelly D. Brownell provides estimates of the price elasticity of demand for various commonly purchased grocery items.[30] The average of these elasticities was used, resulting in a value of -0.59 for grocery price elasticity in this analysis. According to Instacart, the median grocery delivery order on its platform was valued at $113 in 2023.[31] With a $0.75 tax, the estimated price increase for grocery orders is approximately 0.66%. Based on an estimated 41,921,623 grocery orders in Maryland, this results in a projected decline of -164,162 grocery orders and a reduction in grocery sales of approximately -$18,550,318.

TABLE 5.
Estimated Reduction in Grocery Orders and Sales from a Delivery Tax

Reduction in Grocery Orders	-164,162
Reduction in Grocery Sales	-$18,550,318

Table: Kaitlyn Harger, Chamber of Progress.

According to CSIMarket.com, the average revenue per grocery worker in 2024 was $298,467.[32] By dividing the estimated decline in sales revenue of -$18,550,318 by this figure, the projected workforce reduction due to the delivery tax amounts to approximately -62 grocery store jobs. Given that the average annual wage for grocery workers in Maryland is $35,580, this decline in employment translates to an estimated -$2,397,824 in lost wages.[33] Table 6 provides a detailed breakdown of the projected job and income losses within the grocery sector.

30 Tatiana Andreyeva, Michael W. Long, and Kelly D. Brownell, "The Impact of Food Prices on Consumption: A Systematic Review of Research on the Price Elasticity of Demand for Food," *American Journal of Public Health* 100, no. 2 (2010): 216–222, https://doi.org/10.2105/AJPH.2008.151415.

31 Instacart, *Investor Presentation*, November 8, 2023, https://investors.instacart.com/static-files/1e94fc36-3581-4b00-9b09-8dfda343cd81.

32 CSIMarket, "Efficiency Indicators for the Grocery Stores Industry," CSIMarket, accessed January 31, 2025, https://csimarket.com/Industry/industry_Efficiency.php?ind=1305.

33 U.S. Bureau of Labor Statistics, "Occupational Employment and Wages in Maryland." https://www.bls.gov/oes/current/oes_md.htm

TABLE 6.
Estimated Reduction in Grocery Workers and Wages from a Delivery Tax

Reduction in Workers	-62
Reduction in Wages	-$2,397,824

Table: Kaitlyn Harger, Chamber of Progress.

Next, the impact of reduced grocery orders on delivery worker employment was estimated. Survey data from Colorado indicates that 14% of deliveries are grocery-related.[34] Following NDP's methodology, it is assumed that, similar to DoorDash and Uber Eats, grocery delivery drivers complete an average of four deliveries per hour, with full-time drivers working 2,080 hours per year. Based on these inputs, the projected decline in grocery deliveries results in a loss of approximately -20 full-time delivery driver positions. Additionally, DoorDash reports that its drivers typically work four hours per week, suggesting a reduction of -200 part-time delivery workers.[35] With the Bureau of Labor Statistics estimating an annual wage of $39,160 for delivery drivers in Maryland, these job losses correspond to an estimated -$772,667 in lost wages.[36] Table 7 provides a detailed breakdown of the estimated job and income reductions linked to the decline in grocery deliveries.

TABLE 7.
Estimated Reduction in Grocery Delivery Workers and Wages from a Delivery Tax

Reduction in Full-Time Workers	-20
Reduction in Wages	-$772,667

Table: Kaitlyn Harger, Chamber of Progress.

Finally, the impact of reduced e-commerce orders on jobs and wages was estimated. Survey data from Colorado indicates that 62% of total deliveries are e-commerce-related, while an additional 5% are freight deliveries.[37] For this analysis, freight is included with e-commerce, as shipments such as furniture and exercise equipment often originate from e-commerce merchants. Maryland has set a revenue target of $225 million annually from delivery taxes.[38] Based on this, an estimated $152,431,892 in revenue is projected to come from 203,242,523 e-commerce deliveries.

Using data from Amazon's 2023 10-K statement and statistics on Amazon orders from Capital One, the average value of a U.S. Amazon order in 2023

34 Ernst & Young, "Colorado Retail Delivery Fee and household delivery orders."

35 DoorDash, "Insights into the Flexibility and Freedom of Dashing."

36 https://www.bls.gov/oes/current/oes_md.htm

37 Ernst & Young, "Colorado Retail Delivery Fee and household delivery orders."

38 *The Washington Post*, "Maryland Transportation Budget and Delivery Fees," January 15, 2025, accessed February 6, 2025, https://www.washingtonpost.com/dc-md-va/2025/01/15/maryland-transportation-budget-delivery-fees/.

was calculated to be $60.[39] [40] Applying a $0.75 delivery tax to this average order value results in an estimated 1.25% price increase for e-commerce orders. Research by Xingyue Luna Zhang and Haluk Demirkan suggests that online goods have a price elasticity of -0.87.[41] Incorporating this elasticity, the estimated impact of a $0.75 delivery tax would be a reduction of -2,217,604 e-commerce orders, leading to a projected revenue loss of -$132,615,746.

TABLE 8.
Estimated Reduction in E-Commerce Orders and Sales from a Delivery Tax

Reduction in E-Commerce Orders	-2,217,604
Reduction in E-Commerce Sales	-$132,615,746

Table: Kaitlyn Harger, Chamber of Progress.

According to CSIMarket.com, the revenue per Amazon worker is reported at $406,641, resulting in an estimated loss of -326 e-commerce jobs. The Bureau of Labor Statistics lists the annual mean wage for stockers and order fillers in Maryland at $38,580, leading to a projected annual wage loss of -$12,581,898 for e-commerce workers.[42]

TABLE 9.
Estimated Reduction in E-Commerce Workers and Wages from a Delivery Tax

Reduction in Workers	-326
Reduction in Wages	-$12,581,898

Table: Kaitlyn Harger, Chamber of Progress.

A decline in e-commerce orders also affects delivery workers. Capital One's Amazon Statistics indicate that Amazon drivers complete an average of 180 deliveries per day.[43] With the projected reduction in e-commerce orders, this translates to an estimated loss of -34 delivery driver jobs and -$1,321,787 in annual wages. Table 10 provides a detailed overview of the estimated job and wage losses.

39 Amazon.com, Inc., *2023 Annual Report*, 2024, https://s2.q4cdn.com/299287126/files/doc_financials/2024/ar/Amazon-com-Inc-2023-Annual-Report.pdf.

40 Capital One Shopping, "Amazon Logistics Statistics," Capital One Shopping, October 8, 2024, https://capitalone-shopping.com/research/amazon-logistics-statistics/.

41 Yingying Xu et al., "The Impact of E-commerce on Final Deliveries: Alternative Parcel Delivery Services in Finland," *Research in Transportation Economics* 90 (2021): 100996, https://doi.org/10.1016/j.retrec.2021.100996.

42 Bureau of Labor Statistics. "Occupational Employment and Wages in Maryland." *U.S. Bureau of Labor Statistics*, accessed February 13, 2025. https://www.bls.gov/oes/current/oes_md.htm.

43 Capital One Shopping. "Amazon Logistics Statistics." *Capital One Shopping Research*, accessed February 13, 2025. https://capitaloneshopping.com/research/amazon-logistics-statistics/.

TABLE 10.
Estimated Reduction in E-Commerce Delivery Workers and Wages from a Delivery Tax

Reduction in Full-Time Workers	-34
Reduction in Wages	-$1,321,787

Table: Kaitlyn Harger, Chamber of Progress.

Overall, the estimated decline in delivery orders amounts to -3,487,963, resulting in a revenue loss exceeding -$184 million. Additionally, approximately -1,116 jobs are expected to be directly affected by order reductions linked to the delivery tax. Based on annual earnings across various job types, this translates to nearly -$42 million in lost wages each year. While these figures represent the direct effects of the retail delivery tax, there are also indirect and induced impacts stemming from the initial job and income losses.

TABLE 11.
Estimated Total Direct Reduction in Orders, Sales, Workers, and Wages from a Delivery Tax

Reduction in Orders	-3,487,963
Reduction in Sales	-$184,351,978
Reduction in Workers	-1,116
Reduction in Wages	-$41,997,404

Table: Kaitlyn Harger, Chamber of Progress.

06. Direct, Indirect, and Induced Effects

IMPLAN was used to estimate the direct, indirect, and induced effects of the employment reductions outlined above. IMPLAN is "a platform that combines a set of extensive databases, economic factors, multipliers, and demographic statistics with a highly refined modeling system that is fully customizable."[44] It can help provide "insight into an industry's contributions to a region, quantify the impact of a shock to an economy, examine the effects of a new or existing business, model the impacts of expected growth or changes, or study any other event specific to the economy of a particular region and how it will be impacted."[45] [46]

The direct employment impact is estimated at -1,116 job losses, as previously calculated and detailed in Table 11. This figure includes job reductions across multiple sectors: restaurants (-541), grocery (-62), e-commerce (-326), and delivery services (-187). These losses correspond to an annual decline in economic output of -$169,885,752. Beyond the direct effects, the implementation of a delivery tax also leads to indirect and induced economic consequences.

Indirect impacts arise from the ripple effects on business-to-business transactions that occur as a result of the initial job losses. For instance, when a restaurant reduces its workforce and experiences fewer orders, it requires fewer ingredients from suppliers, thereby creating a negative economic impact on those businesses as well.

Induced impacts stem from the broader economic consequences of reduced consumer spending. If a restaurant worker loses their job due to the delivery tax, their reduced income leads to lower spending on consumer goods and services, further affecting the economy. Figure 8 illustrates the combined direct, indirect, and induced employment impacts.

44 IMPLAN, "What Is IMPLAN?" IMPLAN Blog, August 4, 2022, https://blog.implan.com/what-is-implan#:~:text=Economic%20input%20output%20modeling%20application%2C%20data%2C%20and%20solutions.

45 IMPLAN, "What Is IMPLAN?"

46 For more information on IMPLAN's methodology, please see https://support.implan.com/hc/en-us/sections/16901828150811-Methodology-of-IMPLAN .

FIGURE 8.

Direct, Indirect, and Induced Employment Effects from a Delivery Tax

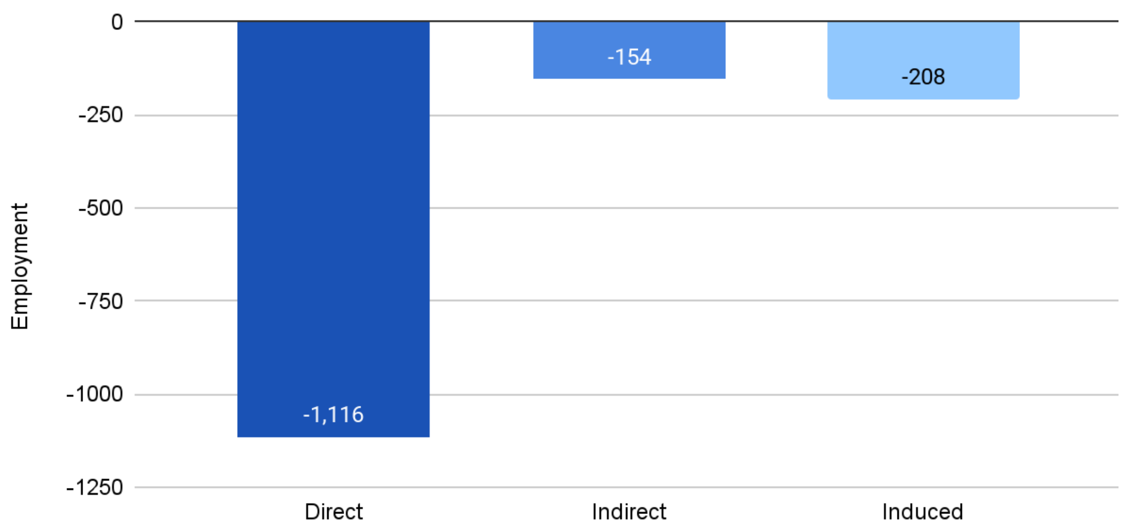


Chart: Kaitlyn Harger, Chamber of Progress.

The combined direct, indirect, and induced effects project an annual loss of -1,478 jobs as a result of the tax.

Naturally, these job reductions also lead to a decline in labor income. Figure 19 provides an overview of the estimated labor income losses associated with the $0.75 delivery tax.

FIGURE 9.

Direct, Indirect, and Induced Labor Income Effects from a Delivery Tax

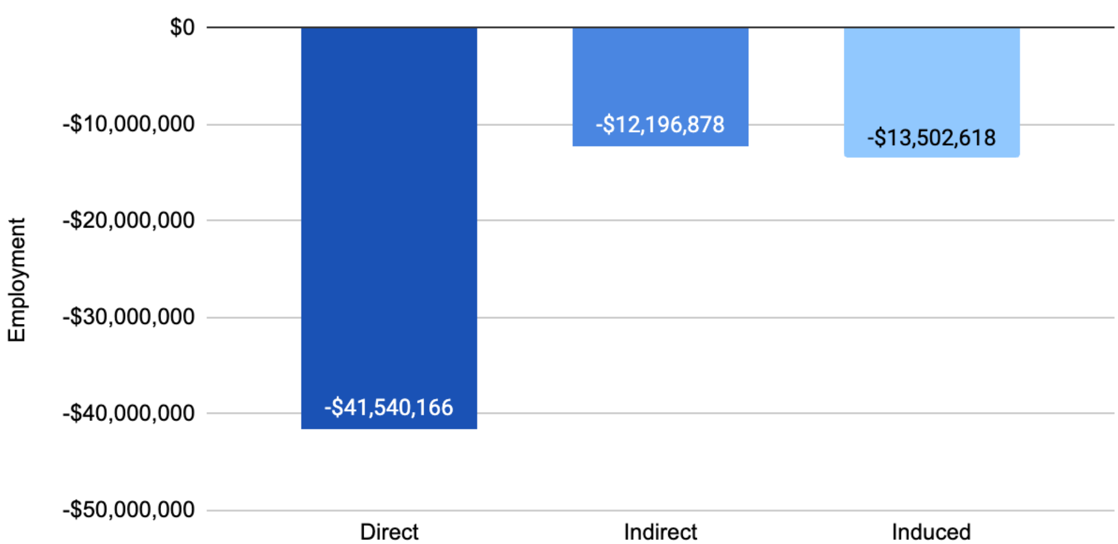


Chart: Kaitlyn Harger, Chamber of Progress.

IMPLAN modeling estimates that the delivery tax will result in a labor income loss of nearly -$67 million when factoring in indirect and induced effects.

Furthermore, declines in employment and wages contribute to a broader reduction in economic activity. Figure 10 illustrates the decrease in economic output by impact type.

FIGURE 10.

Direct, Indirect, and Induced Output from a Delivery Tax

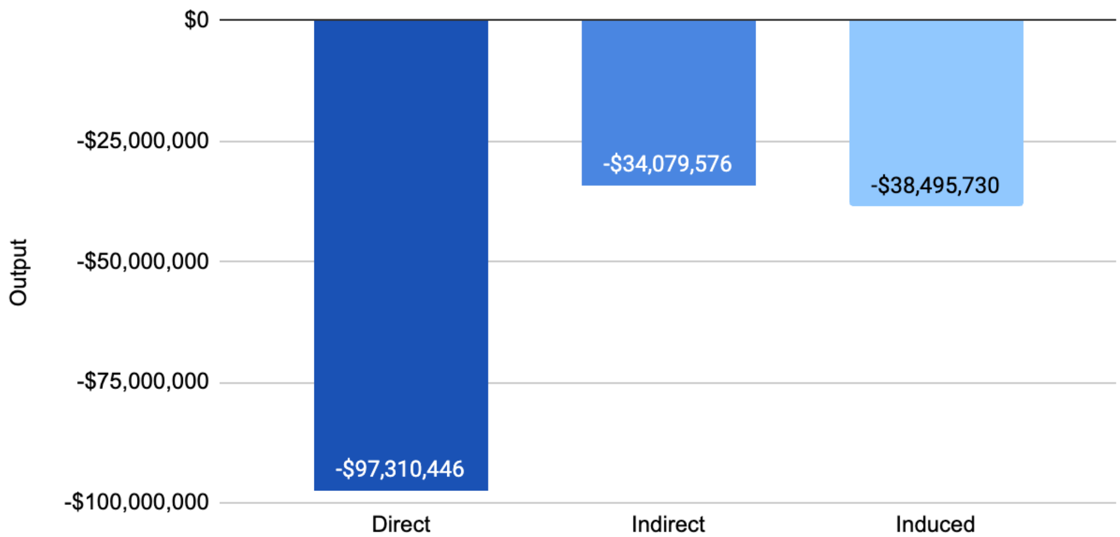


Chart: Kaitlyn Harger, Chamber of Progress.

The retail delivery tax is projected to reduce economic activity by nearly -$170 million per year.

07. Conclusion

This analysis highlights the widespread opposition to a delivery tax in Maryland and its potential to negatively impact residents, businesses, and the broader economy. **Polling data shows that 62% of Maryland voters oppose the tax, reflecting concerns over its regressive nature, economic consequences, and potential unintended effects.**

The findings suggest that **low-income households, individuals with disabilities, and older adults would be disproportionately affected**, as they rely more heavily on delivery services for essential goods. Small businesses, particularly in the restaurant and retail sectors, may face additional financial strain, leading to job losses and reduced wages. The tax is projected to **eliminate approximately -1,116 jobs directly and up to -1,478 when accounting for indirect and induced effects, with an estimated -$170 million decline in economic output.**

Additionally, while delivery taxes are often framed as a means to support infrastructure funding, they may have unintended environmental consequences. **Research suggests that consumers may shift from efficient, batched deliveries to multiple individual store trips, potentially increasing carbon emissions rather than reducing them.**

Given these factors, policymakers should carefully evaluate alternative revenue solutions that avoid placing undue burdens on vulnerable populations and businesses. **Options such as closing tax loopholes or exploring funding mechanisms with broader public support may provide a more balanced approach to addressing Maryland's transportation funding needs.**

About The Author

Kaitlyn Harger
Senior Economist, Chamber of Progress

Kaitlyn Harger, Ph.D., is Senior Economist at the Chamber of Progress. Her most recent work is focused on the impacts of technology policy and regulation on consumers and businesses. Prior to joining Chamber of Progress, Kaitlyn served as an Economist for Oregon's Legislative Branch, examining the impact of proposed legislation on tax revenue. She also spent time in academia as an Assistant Professor of Economics. Kaitlyn has over eleven years experience in policy evaluation and economic analysis. Her research focuses on applied microeconomics and she has seven publications in peer-reviewed journals.

MD Retail Delivery Tax 2025_Coalition Letter_ OPPO
Uploaded by: Brianna January
Position: UNF

February 27, 2025

The Honorable Ben Barnes
Chair, Committee on Appropriations
Maryland House of Delegates
Room 121, Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401-1912

Re: Oppose Retail Delivery Tax (Title 18.8) in Maryland's 2025 Budget (HB 352)

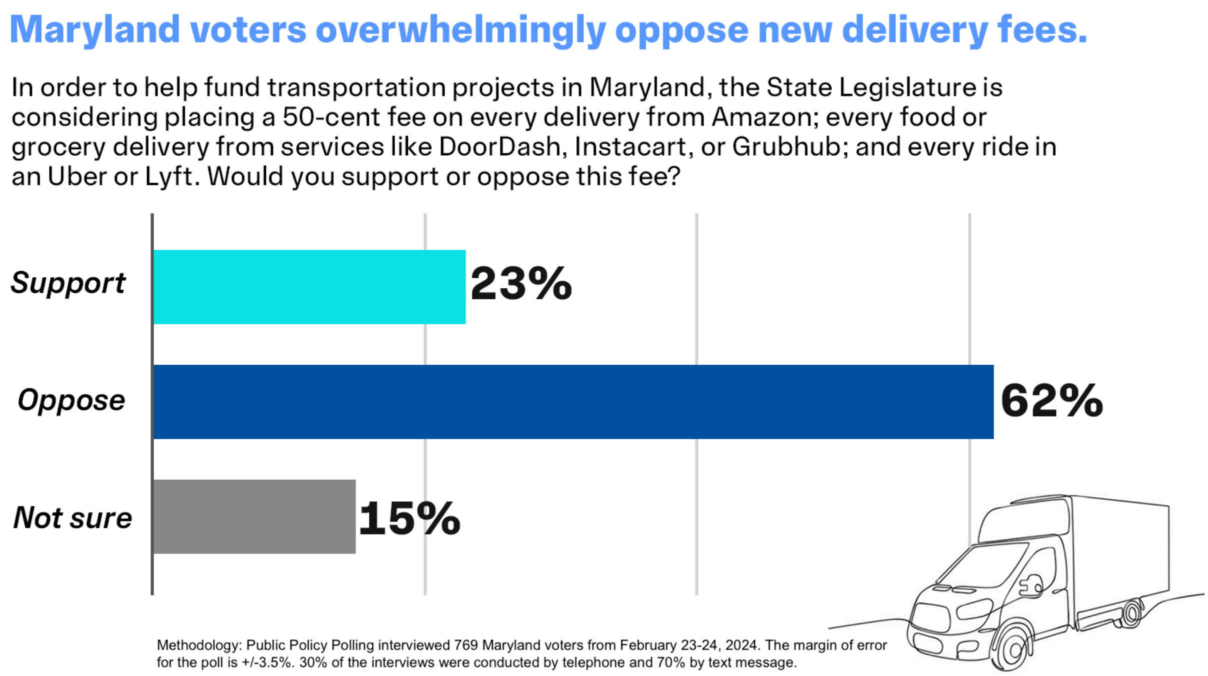
Dear Chair Barnes and members of the Committee:

On behalf of Chamber of Progress – a tech industry association supporting public policies to build a more inclusive society in which all people benefit from technological advancements – I write to urge you and your colleagues to **oppose Title 18.8 in HB 352, Maryland's FY 26 BRFA**, which would levy a 75-cent tax on retail deliveries throughout Maryland.

This tax is unpopular with voters and would disproportionately burden the state's most vulnerable members. It would also threaten the income of small businesses and the workers they employ while increasing emissions and damage to roadway infrastructure.

Delivery taxes are unpopular

Last year, 62% of Maryland voters said they would oppose a 50-cent fee on retail delivery orders and 49% said they would be less likely to vote for politicians who supported that tax.[1] These results are unsurprising given the wide variety of Marylanders who depend on delivery services. [2] According to a [Washington Post-University of Maryland poll](https://www.washingtonpost.com/dc-md-va/2025/01/31/maryland-poll-moore-budget-proposals/), the governor's proposed 75-cent fee for retail delivery met widespread opposition.[3] Given persistently high inflation throughout the state,[4] now is not the time to move forward with an unpopular, costly delivery tax.



Delivery taxes increase costs and threaten access to essential goods and services for marginalized communities

Recent data highlights the growing reliance on delivery services nationwide and its impact on underserved communities. Between 2021 and 2022, 54 percent and 41 percent of adults surveyed nationwide reported they were likely to have frequently used an app to deliver food and groceries, respectively,[5] and studies suggest the average order

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[1] *See* Chamber of Progress and Public Policy Polling, Maryland Delivery and Rideshare Fee Survey Results https://progresschamber.org/wp-content/uploads/2024/02/Chamber-of-Progress_Maryland-Delivery-and-Rideshare-Fee-Survey-Feb-2024.pdf

[2] *See* Chamber of Progress https://nodoorsteptax.com/md/

[3] *See* Washington Post, https://www.washingtonpost.com/dc-md-va/2025/01/31/maryland-poll-moore-budget-proposals/

[4] *See* Congression Joint Economic Committee Report, Maryland https://www.jec.senate.gov/cards/md/

[5] *See* Chamber of Progress http://progresschamber.org/wp-content/uploads/2022/07/COP_Civic-Innovation_ANALYSIS.pdf

frequency for groceries will increase at a 12 percent annual rate over the next five years.[6]

Delivery services are critical for families struggling to access essential household goods. A third of Maryland residents face hunger and experience food insecurity,[7] and nearly 1 in 4 Baltimore residents live in a food desert.[8] For these residents, grocery and meal delivery services increase options for healthy, nutritious food and other household essentials.

Moreover, 11.6% of Marylanders live with a disability.[9] Many of these individuals, who have difficulty shopping in person, also depend on delivery services for prescriptions, groceries, and household goods.[10] The imposition of delivery taxes can exacerbate challenges in accessing essential goods and services for people with disabilities, who often face additional financial burdens.[11]

A survey of Colorado residents found that the burden of a 27-cent delivery tax fell hardest on low-income families. Families earning less than $75,000 spent 2.5 times as much on delivery taxes as families earning over $200,000.[12] Increasing the cost of deliveries of food and household goods would further burden struggling families in Maryland.

Delivery taxes hurt small businesses and workers

Small businesses are the backbone of Maryland's economy, comprising 99.6% of all businesses and employing almost half of the workforce.[13] In 2024, Maryland small businesses drove 92.1% of overall job growth.[14] Imposing delivery taxes would threaten many of these businesses, especially restaurants and businesses that depend on online marketplaces to reach customers.

While the tax would not apply to direct purchases businesses in their first year of operations or those earning less than $500,000 per year, many small businesses operate on online marketplaces in order to reach more customers and take advantage of

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[6] *See* Online grocery sales will increase at 12% annual rate over 5 years, report says https://www.grocerydive.com/news/online-grocery-sales-will-increase-at-12-annual-rate-over-5-years-report/641578
[7] *See* Maryland Food Bank https://mdfoodbank.org/hunger-in-maryland/whats-at-stake/
[8] *See* The Baltimore Banner https://www.thebaltimorebanner.com/culture/food-drink/food-desert-grocery-shopping-H3LPQOZDARD6VNVIXSZET5OEUU/
[9] *See* Maryland Department of Planning https://planning.maryland.gov/MSDC/Documents/American_Community_Survey/2023/Charts/Disability-Sep-2023.pdf
[10] *See* Home delivery services serve up improved accessibility to food and more https://www.ameridisability.com/home-delivery-services-serve-up-improved-accessibility-to-food-and-more/
[11] *See* The National Disability Institute https://www.nationaldisabilityinstitute.org/wp-content/uploads/2018/12/finra-infographic.pdf
[12] *See* Chamber of Progress http://progresschamber.org/wp-content/uploads/2024/02/EY-Chamber-of-Progress-Colorado-delivery-fee-analysis-02-27-2024-FINAL.pdf s
[13] *See* U.S. Small Business Administration https://advocacy.sba.gov/wp-content/uploads/2024/11/Maryland.pdf
[14] *See* U.S. Small Business Administration https://advocacy.sba.gov/wp-content/uploads/2024/11/Maryland.pdf

sophisticated logistics and shipping operations. Orders made on those platforms would be subject to the tax, resulting in higher prices for consumers.

When a similar tax was imposed in Colorado, many small businesses raised concerns about increased costs, and customers complained about increased prices.[15] Such price increases would lead to a drop in demand, resulting in decreased business revenues and wages for delivery drivers. In Colorado, the delivery tax has caused an annual loss of $17.1 million in wages for local workers, including restaurant employees, and puts over 61,000 jobs across various industries.[16]

Women,[17] Gen Z, and millennials[18]—many of whom are already struggling to make ends meet—are increasingly turning to delivery work as a way to offset rising costs and earn supplemental income. Delivery taxes disproportionately harm these workers, undermining their ability to support themselves and their families while contributing to the local economy.

Delivery taxes would also increase roadway usage and environmental damage

Delivery services, particularly retail and e-commerce deliveries, consolidate trips and use route-optimization technology, making them more efficient than multiple individual trips. Unnecessary delivery fees would discourage consumers from choosing delivery options and result in more individual trips to the store, putting more cars on the road and more emissions in the air. In Maryland alone, the use of delivery services could result in nearly 160 million fewer miles driven in one year, reducing wear and tear on roadways and decreasing roadway emissions.[19] This fee would undermine the state's efforts to reduce greenhouse gas emissions by 50% by 2030.[20]

Delivery services are critical in supporting marginalized communities and sustaining small businesses statewide. Tax policies should not jeopardize the benefits they provide to families and workers. For these reasons, we urge you to **oppose Title 18.8 in HB 352, Maryland's FY 26 BRFA.**

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[16] *See* The Negative Economic Impacts of Retail Delivery Fees https://progresschamber.org/wp-content/uploads/2024/08/Retail-Delivery-Fees-White-Paper-Econ-Impact-CHOP.pdf

[17] *See* https://about.doordash.com/en-us/news/a-majority-of-dashers-are-women-heres-why-they-choose-doordash

[18] *See* 2024 Gen Z and Millennial Survey https://www.deloitte.com/global/en/issues/work/content/genz-millennialsurvey.html

[19] *See* Efficiency and Emissions Impact of Last Mile Online Delivery in the U.S. https://progresschamber.org/wp-content/uploads/2024/06/Chamber-of-Progress-Efficiency-and-Emissions-Impact-of-Last-Mile-Online-Delivery-in-the-US.pdf

[20] *See* Maryland Department of the Environment https://mde.maryland.gov/programs/air/ClimateChange/Pages/Greenhouse-Gas-Emissions-Reduction-Act-(GGRA)-Plan.aspx#:~:text=%E2%80%8B%E2%80%8B%E2%80%8BThe%202030,Maryland%20Commission%20on%20Climate%20Change.

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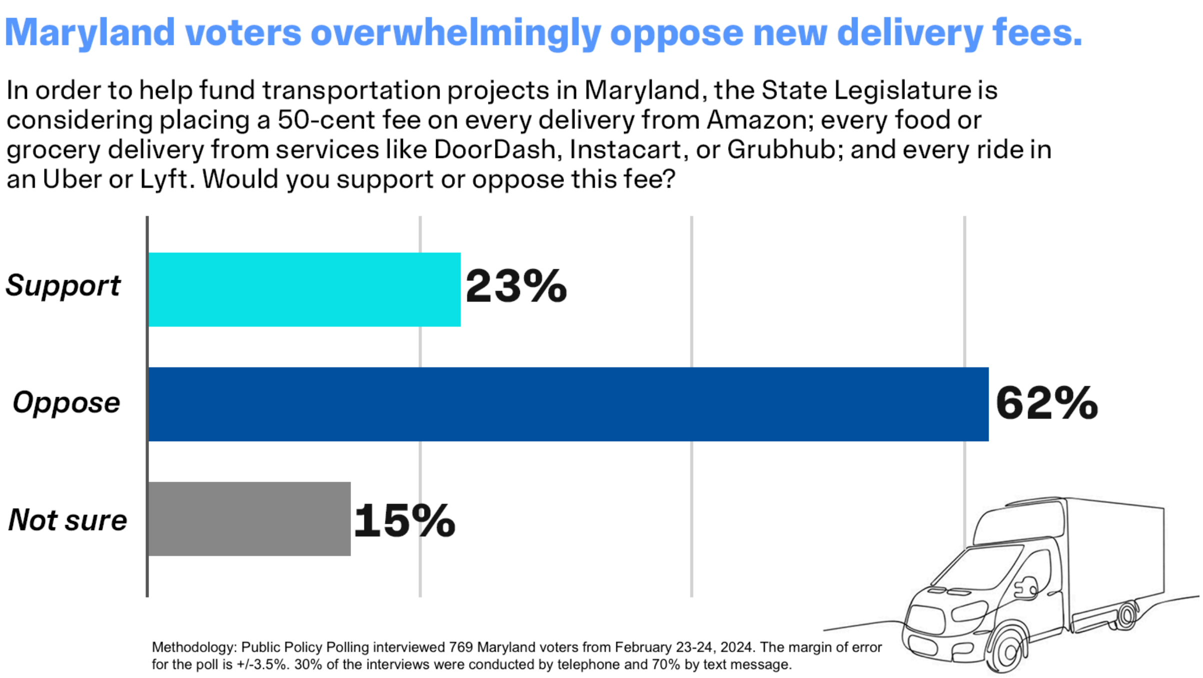

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[7] *See* Maryland Food Bank https://mdfoodbank.org/hunger-in-maryland/whats-at-stake/
[8] *See* The Baltimore Banner https://www.thebaltimorebanner.com/culture/food-drink/food-desert-grocery-shopping-H3LPQOZDARD6VNVIXSZET5OEUU/
[9] *See* Maryland Department of Planning
https://planning.maryland.gov/MSDC/Documents/American_Community_Survey/2023/Charts/Disability-Sep-2023.pdf
[10] *See* Home delivery services serve up improved accessibility to food and more
https://www.ameridisability.com/home-delivery-services-serve-up-improved-accessibility-to-food-and-more/
[11] *See* The National Disability Institute
https://www.nationaldisabilityinstitute.org/wp-content/uploads/2018/12/finra-infographic.pdf
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NFIB in Maryland
Southern Anne Arundel Chamber of Commerce
TechNet
Visit Annapolis & Anne Arundel County

MD Delivery Tax - House Appropriations and Ways an

Uploaded by: Chad Horrell

Position: UNF

DOORDASH

February 25, 2025

The Honorable Ben Barnes
Chair, House Appropriations Committee
Maryland House of Delegates
120 Taylor House Office Building
6 Bladen Street, Annapolis, MD 21401

The Honorable Vanessa Atterbeary
Chair, House Ways and Means Committee
Maryland House of Delegates
131 Taylor House Office Building
6 Bladen Street, Annapolis, MD 21401

RE: HB 352 (Speaker/Administration – Budget Reconciliation and Financing Act of 2025 – Unfavorable

Dear Chairs Barnes and Atterbeary and Members of the Committee,

On behalf of DoorDash, I respectfully submit this testimony in opposition to the retail delivery fee included in HB 352. This proposed "fee," which is in reality an excise *tax*, would impose unnecessary financial burdens on Maryland consumers, merchants, and delivery workers while disproportionately impacting low-income residents who rely on delivery services the most.

DoorDash delivers significant economic benefits to Maryland residents, small businesses, and to the state. In 2024, we collected and remitted more than $65 million in sales tax in Maryland. HB 352's proposed 75-cent retail delivery tax–which would be the highest such tax in the country–would jeopardize these benefits, and would cause substantial economic harm to the Maryland residents and small businesses who can least afford it, at a time when many of them are already struggling with rising prices.

This regressive tax would disproportionately harm lower-income residents, Marylanders who rely on delivery services due to transportation barriers, health concerns, or other constraints. Notably, in 2024, more than 30 percent of deliveries DoorDash facilitated in Maryland were to consumers residing in low-income communities, as defined by the American Community Survey. Many Maryland families are already facing rising costs of food, fuel, and household necessities. This tax would only add to their financial strain, making it harder for them to access everyday essentials.

As costs go up as a result of this tax, consumers will cut back on spending, reducing merchant revenue and threatening the stability of small businesses that are vital to Maryland's economy. These same small businesses are vital to DoorDash's success. Nearly 90 percent of Maryland merchants that were active on DoorDash in the last month of 2024 had 3 or fewer stores on the platform. Many of these businesses are still recovering from the changing consumer landscape that began with the pandemic, as well as from new challenges like skyrocketing prices of basic necessities. This tax will only make life more difficult for these small businesses. Additionally, fewer orders mean fewer opportunities for delivery workers to earn income. At a time when Maryland's workforce and small businesses need support, this proposal creates unnecessary economic hardship.

Many of the harms detailed above are quantifiable. We estimate that with regard to DoorDash's platform alone, the tax would result in: Maryland residents paying nearly $28 million in additional taxes annually; nearly $19 million in lost Dasher earnings annually; and nearly $53 million in lost revenue for merchants annually in Maryland. Maryland residents and businesses cannot afford this.

Given all of these concerns, it's no surprise that recent polling reported by the *Washington Post* found broad opposition to the proposed delivery tax. While voters supported other tax proposals in this legislation, more than 61 percent of them–including majorities of every demographic group the poll accounted for and across both parties–opposed the tax. Only 31 percent said that they support it. These stark numbers underscore the reality that this policy is out of step with what Marylanders want.

Finally, we note that there are a number of practical problems raised by the tax proposal in HB 352. For example, the proposal exempts certain items from the tax, but does not specify what happens if a customer places an order that contains both exempt and non-exempt items. Should the tax-exempt items be taxed, or should the entire delivery be exempt? We also have significant concerns about giving the comptroller unilateral authority to raise the tax each year to account for inflation. This will create uncertainty for businesses and will mean that anytime customers are dealing with rising prices, they can also expect to be hit with rising taxes on their food deliveries.

We appreciate the financial challenges that Maryland faces. We do not, however, believe that instituting a regressive new tax on retail deliveries is the right way to address those challenges. Maryland lawmakers should prioritize policies that enhance affordability and economic opportunity, rather than imposing additional burdens on residents who can least afford them.

We appreciate the opportunity to share our perspective and welcome further dialogue on this issue. Thank you for your consideration.

Sincerely,

Chad Horrell
Senior Manager, Government Relations
DoorDash

2025-02-27 Md Auto Dealers Oppose Car Tax - BRFA (
Uploaded by: J Peter Kitzmiller
Position: UNF

Maryland Automobile Dealers Association
7 State Circle, Suite 301,
Annapolis, Maryland, 21401
Office (410)269-1710

WANADA®
WASHINGTON AREA NEW AUTOMOBILE DEALERS ASSOCIATION
5301 Wisconsin Avenue, N.W. • Suite 210 • Washington, DC 20015
Office (202) 237-7200 • Fax (202) 827-0560

MARYLAND'S NEW CAR & TRUCK DEALERS
OPPOSE REPEAL OF THE VEHICLE
TRADE-IN ALLOWANCE

HB352/SB321 – Budget Reconciliation and Financing Act

We are writing on behalf of more than 300 Maryland New Car Dealers and their 23,000 employees to express our opposition to the Governor's proposal to raise taxes on car sales in Maryland by $140 million each year.

The proposal limits the vehicle excise tax trade-in allowance to purchases of $15,000 or less. For our members, this is tantamount to a full repeal of the trade-in benefit which has existed in this state for more than 15 years. The BRFA proposal reinstates the 'double-tax' policy that legislators in Maryland rejected – as have legislators in 45 other states.

Notably, we believe the actual impact of the BRFA proposal is closer to $200 million as described in the fiscal note to HB754 (2024 Session)).

Maryland's Transportation Trust Fund (TTF) is supported by a few key revenue sources – including the gas tax, vehicle excise tax, and registration fees. While registration fees have stagnated over recent years (leading to the significant increase in registration fees enacted last session), total vehicle excise tax collections have risen 15% over the last 5 years mirroring the increase in the price of new and used vehicles. Sales at Maryland dealerships have remained strong – contributing significantly to the $1B plus in excise tax receipts in each of the last three years.

Some dealers report that 50%-60% of new car sales involve a trade-in. The average trade-in has a value of $20,000 and generates a $1,200 reduction in excise tax for our customers. Consequently, the BRFA proposal results in an average tax increase of $1,200 for 1-in-2 new car buyers. But the proposal fails to account for the economic loss to dealers and the tax loss to the State when the dealer is not able to turn that $20,000 trade-in into a $23,000 used car sale. The current law generates sales and tax revenue; the BRFA proposal generates fewer sales and less tax revenue.

The impact is more extreme for lease customers which comprise nearly 25% of new car transactions. Under today's law, repeat lease customers receive the full value of their end-of-lease trades. For example, leasing a new car priced at $60,000 generates excise tax of $1,800 after deducting a trade value of $30,000. The BRFA proposal would double that tax on the same lease customer to $3,600. For the typical 36-month lease, this is a tax payment in excess of $100 per month ($50 per month more than under current law).

One in four of our new car transactions involve commercial and business customers, including contractors, tradespeople, delivery, shopkeepers, salespeople, and farm workers. These businesses will pay more under your proposal at a time when vehicle prices are increasing, registration fees are increasing, financing rates are high, auto insurance rates are rising, and inflation is impacting normal business operations.

The impact on Maryland car dealers extends far beyond the increased costs to our customers. The lack of a financial incentive to trade-in at the dealership affects the entirety of a dealer's operation. For each trade-in vehicle received by a dealer, the resale of that car generates service and reconditioning work, commission to sales staff, and profit for the dealer – not to mention additional excise tax to the State. Fewer trades at the dealership reduce overall financial performance at the dealership and generate less taxes for the State.

In addition to vehicle excise tax, Maryland's 300+ new car dealers generate tremendous tax revenues for state and local governments in the form of property taxes ($40+ million annually), sales taxes on parts and accessories, payroll taxes ($100 million annually) and corporate income taxes.

Combining all tax payments by the dealership, our customers, and our employees, it is clear that the auto sales industry is already paying its fair share to the State's general fund and the TTF. We reject the notion that we have an obligation to pay more.

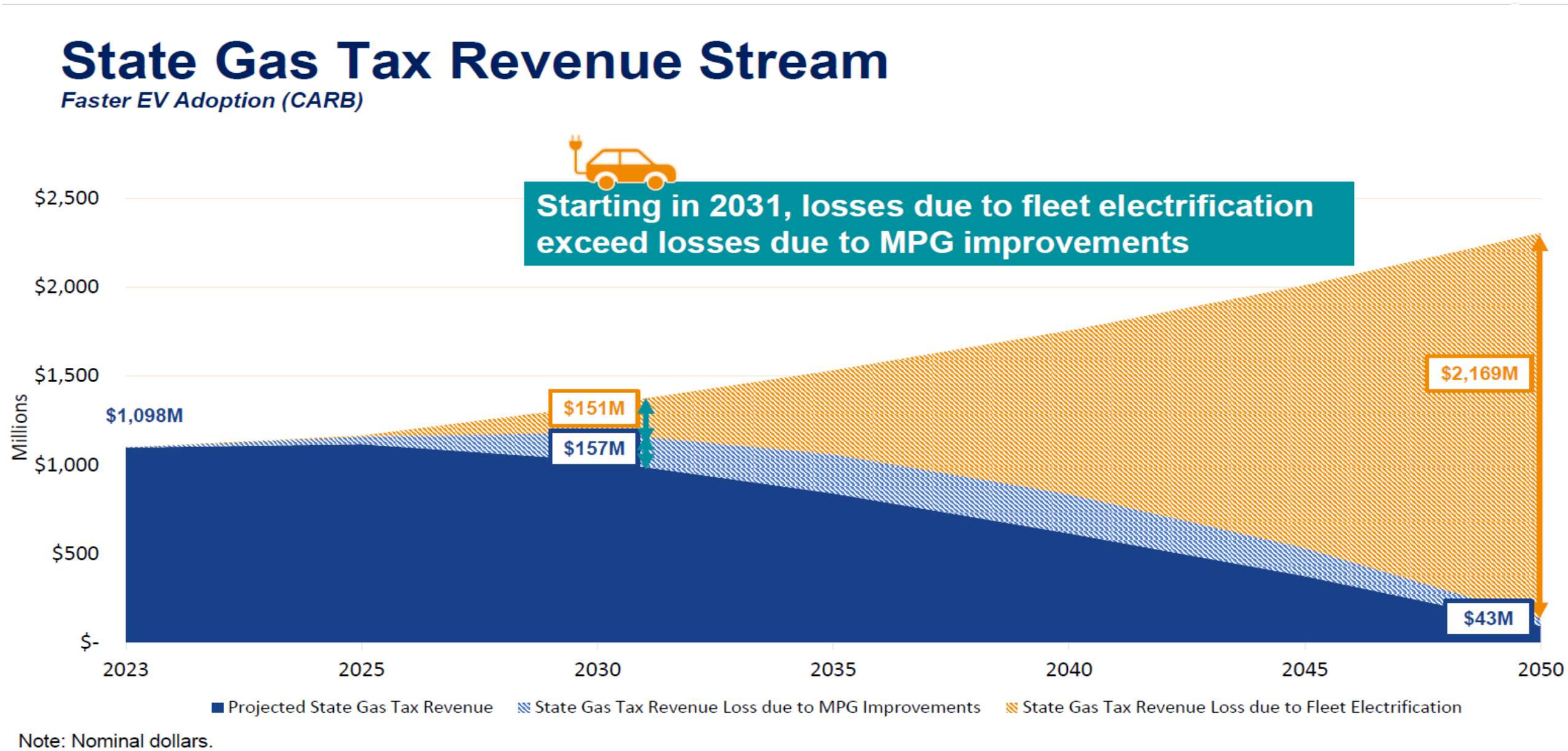
In conclusion, we ask you to remove the car tax proposal. Car buyers should not bear the burden of this $200 million tax increase; these are the same Marylanders that pay user fees in the form of higher registration fees, gas taxes, and tolls.

J. Peter Kitzmiller
President
MADA

John O'Donnell
President & CEO
WANADA

cc: JP Bishop, Bob Bell Ford, MADA Chair
Jamie Darvish, DARCARS Automotive, WANADA Chair

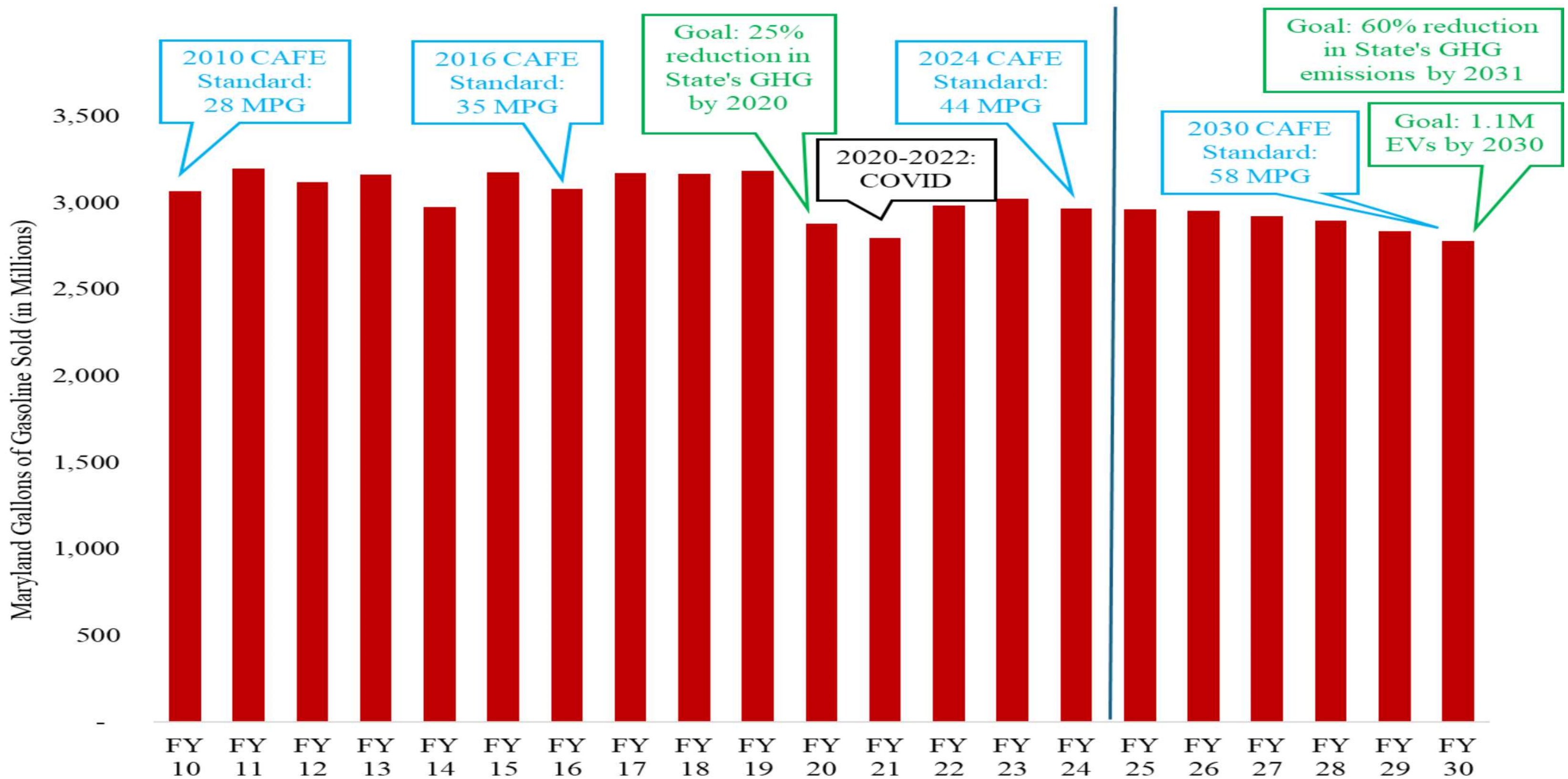
Motor Fuel Tax Revenues Will Decline Over Time



Source: The Eastern Transportation Coalition

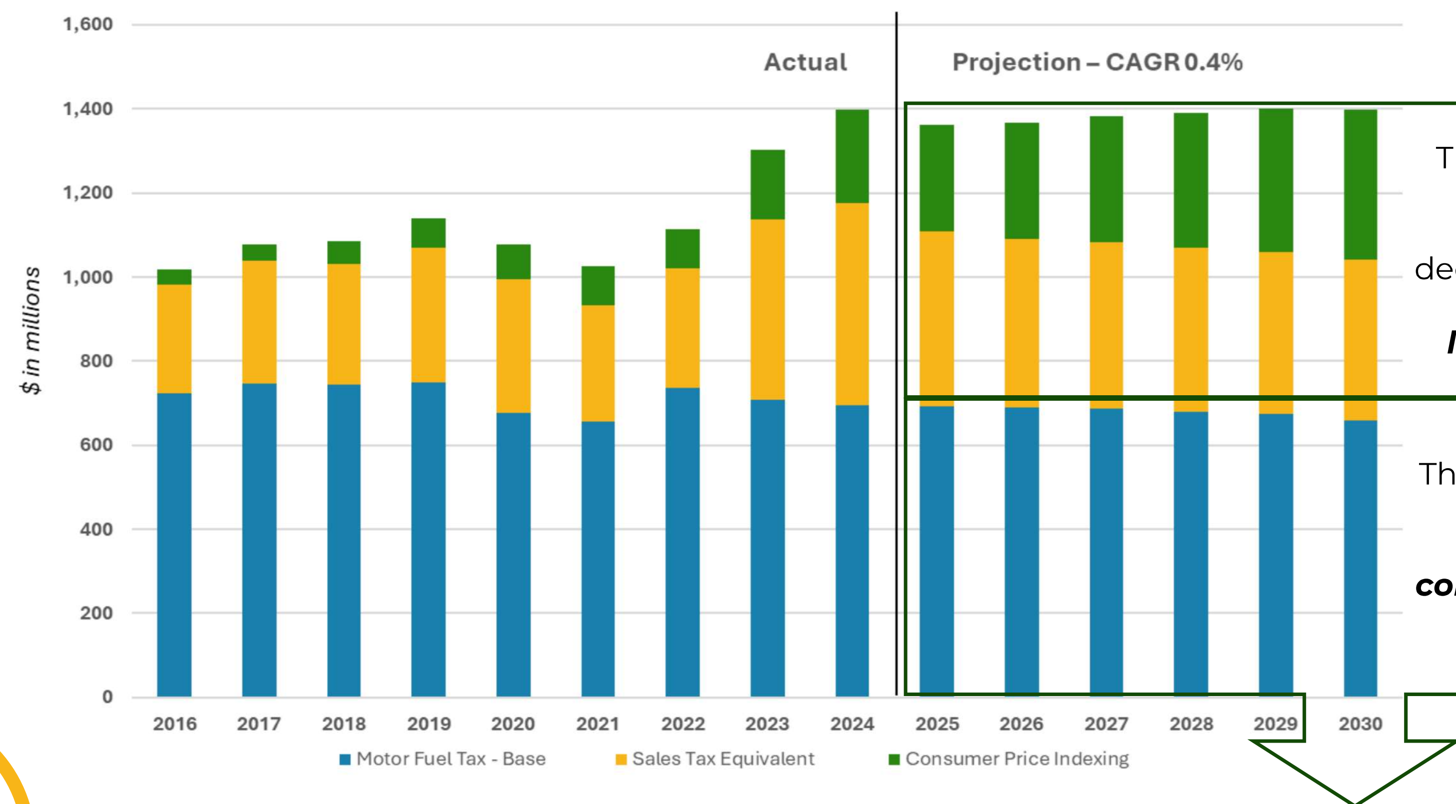
MARYLAND DEPARTMENT OF TRANSPORTATION

Gallons of Fuel Sold Declining as Vehicle Fuel Efficiency Improves and EV Sales Increase



MARYLAND DEPARTMENT OF TRANSPORTATION

Motor Fuel Tax – 6-Year Revenue Estimate



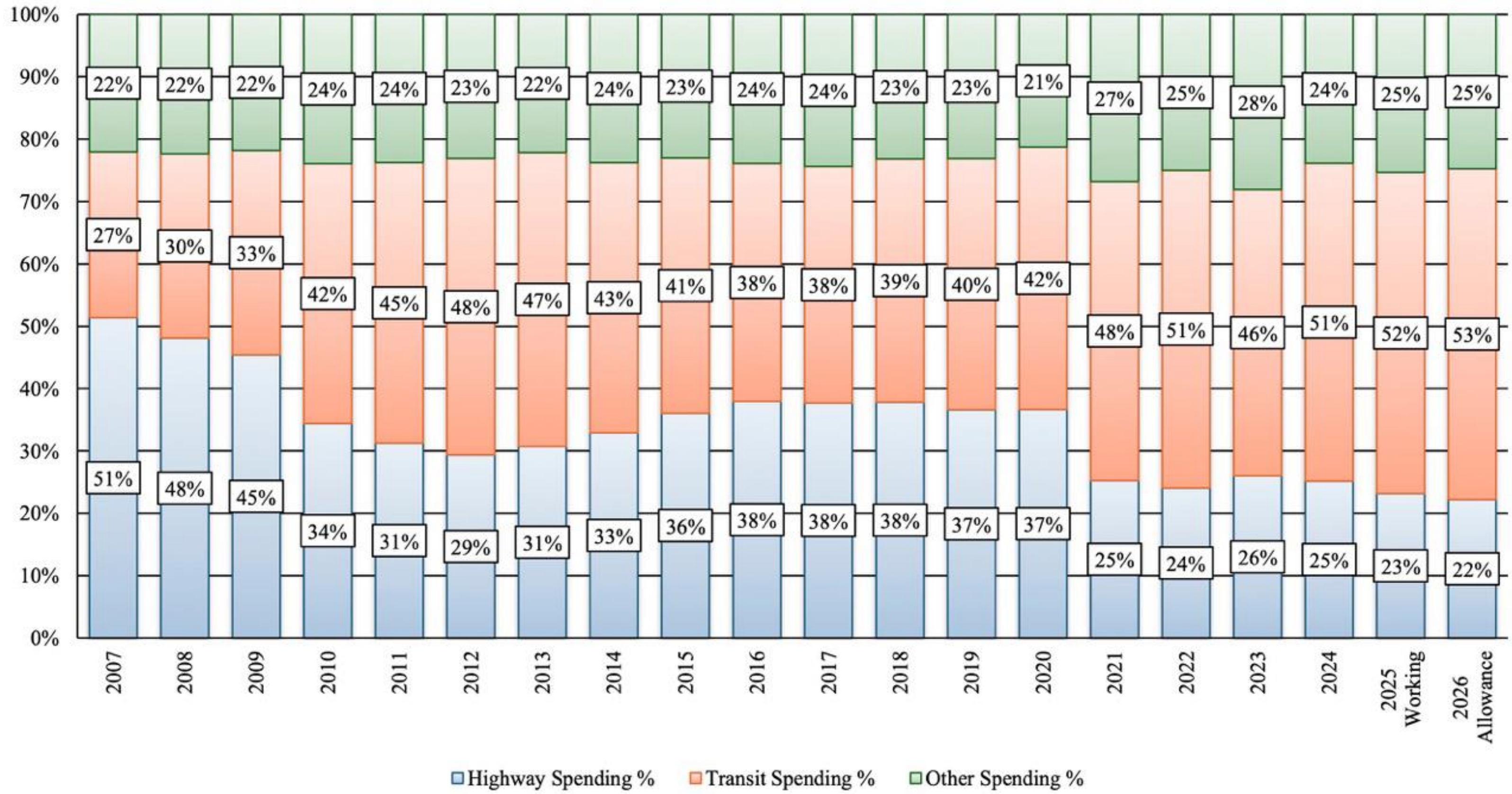
The variable portions of the tax are offsetting the decline in consumption but provide ***little to no growth***.

The base portion of the tax (23.5 cpg) is declining as ***consumption declines***.

MARYLAND DEPARTMENT OF TRANSPORTATION

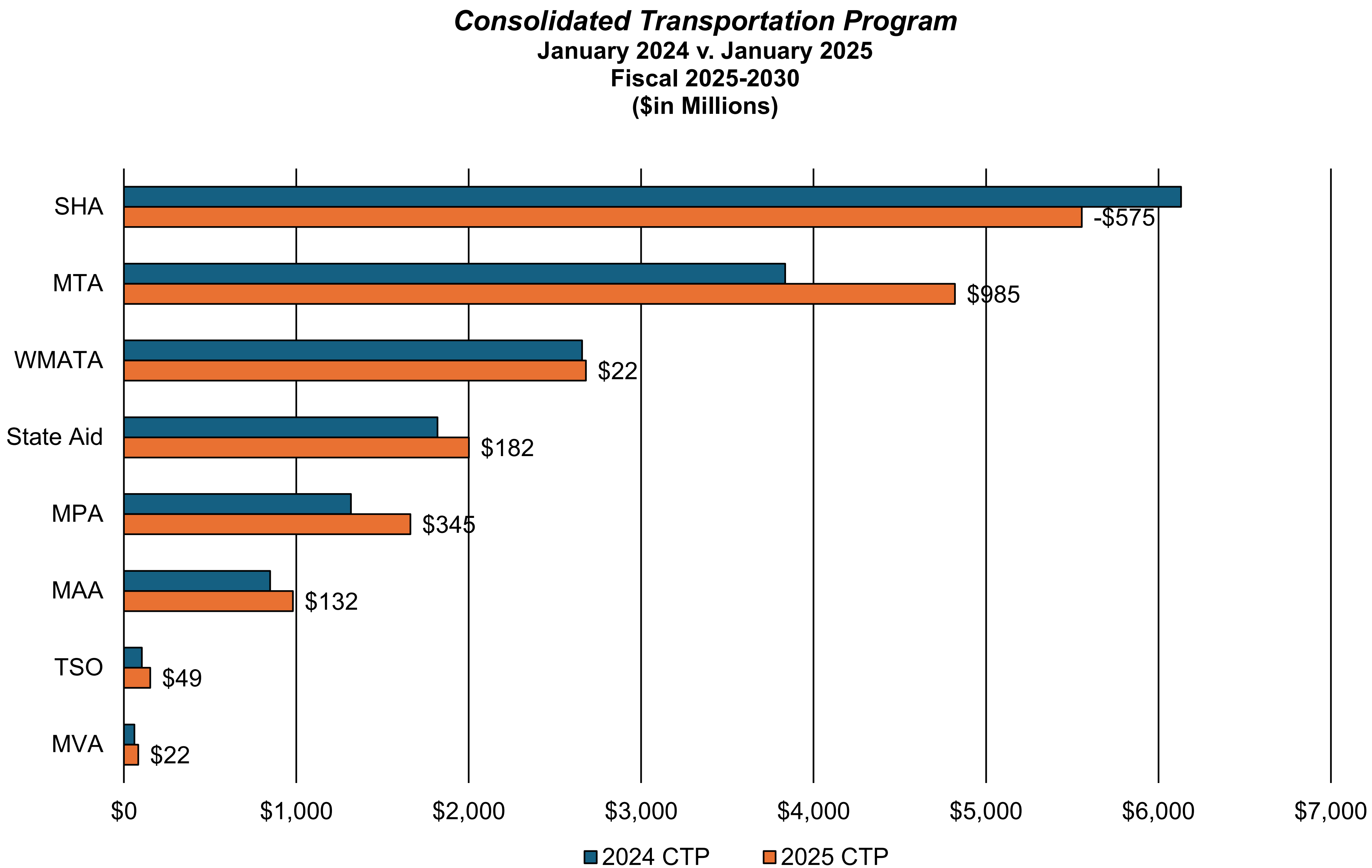
Transportation Trust Fund Special Fund Spending

Fiscal 2007 2026 Allowance



Note: Transit spending is net of operating revenues generated by the Maryland Transit Administration and Other Spending is net of operating revenues generated by the Maryland Aviation Administration and the Maryland Port Administration. Highway User Revenues grants are included in Highway Spending.

Source: Maryland State Budget; Department of Legislative Services



CTP: *Consolidated Transportation Program*
MAA: Maryland Aviation Administration
MPA: Maryland Port Administration
MTA: Maryland Transit Authority
MVA: Maryland Motor Vehicle Administration
WMATA: Washington Metropolitan Area Transit Authority
SHA: State Highway Administration
TSO: The Secretary's Office

MIADA-2025-hb352-unf.pdf
Uploaded by: Kathleen M Sabaski
Position: UNF

HB 352 – Budget Reconciliation and Financing Act of 2025
House Appropriations Committee & House Ways and Means Committee
February 27, 2025
Unfavorable

Chairs Barnes and Attabeary and Members of the Committees,

My name is Kathy Sabaski, and I am here today on behalf of the Maryland Independent Automobile Dealers Association (MIADA) to express our deep concerns regarding the proposed changes to the trade-in allowance provisions under House Bill 352.

Impact on Vehicle Affordability

The proposed modification to the vehicle trade-in allowance significantly alters how Maryland consumers are taxed when purchasing a vehicle. Under current law, Maryland consumers benefit from a fair system where the trade-in value of a vehicle is deducted from the total purchase price before calculating the excise tax. HB 352 proposes to limit this allowance, applying full taxation to vehicle purchases over $15,000, regardless of trade-in value. This change would impose an unnecessary financial burden on consumers, making vehicle purchases more expensive and discouraging trade-ins.

Effects on Consumers and Small Businesses

For many Maryland families, a trade-in serves as an essential form of equity when purchasing a vehicle. The increased tax burden from HB 352 will disproportionately impact middle-class and working families, reducing their ability to afford reliable transportation. Furthermore, limiting the trade-in allowance will:

- Increase the total cost of vehicle purchases, discouraging buyers from upgrading to newer, safer, and more fuel-efficient vehicles.
- Disrupt independent automobile dealers by reducing the number of trade-ins available for resale, which in turn affects the affordability of used vehicles in the marketplace.
- Negatively impact Maryland's used vehicle industry, which relies heavily on trade-in transactions to maintain an affordable and diverse inventory for consumers.

Competitive Disadvantage for Maryland Dealers

This policy change places Maryland dealers at a competitive disadvantage compared to neighboring states that continue to allow full trade-in tax deductions. Consumers may choose to conduct vehicle purchases outside of Maryland to benefit from more favorable tax treatment, resulting in revenue loss for Maryland businesses and the state itself.

Recommendations

MIADA strongly urges the General Assembly to:

1. **Maintain the Full Trade-In Allowance Deduction** – Restoring the current system ensures fairness and continued affordability for Maryland consumers.
2. **Conduct an Economic Impact Study** – Before enacting this change, the state should assess the broader economic effects on consumers, dealers, and tax revenue.

Conclusion

The trade-in allowance is a longstanding consumer benefit that supports affordability, encourages vehicle sales, and sustains Maryland's automobile industry. The proposed changes under HB 352 would have unintended negative consequences, and we strongly urge the committee to reject this provision.

Thank you for your time and consideration. I am happy to answer any questions the committee may have.

MIADA-2025-hb352-unf1.pdf
Uploaded by: Kathleen M Sabaski
Position: UNF

HB 352 – Budget Reconciliation and Financing Act of 2025
House Appropriations Committee & House Ways and Means Committee
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HB352_RestaurantAssoc_Thompson_UNF.pdf
Uploaded by: Melvin Thompson
Position: UNF

House Bill 352

Budget Reconciliation and Financing Act of 2025 -

Title 18.8 - Retail Delivery Fee

February 27, 2025

RE: Oppose Title 18.8 - Retail Delivery Fee

Members of the Appropriations/Ways and Means Committees:

The *Restaurant Association of Maryland* opposes the portion of HB 352 that would impose a new fee on retail and restaurant/foodservice deliveries. We are concerned about the potential negative impact on restaurant delivery, which has become a significant portion of restaurant sales since the COVID pandemic.

The restaurant/foodservice industry continues to struggle to recover from the pandemic amid inflation, increased operating and labor costs, and reduced customer traffic as many office employees continue to work remotely. Soaring costs have forced many of our restaurant operators to increase menu prices to maintain profitability. These necessary price increases have also contributed to a decrease in customer traffic for many restaurants. Proposals that increase taxes and fees on restaurant delivery will only exacerbate the challenges for our industry.

For restaurants that work with third-party delivery partners, the additional fee/tax imposed by this bill will increase the cost of restaurant delivery meals for customers who use these platforms. For restaurants located in less-populated areas of the state where third-party delivery may not be available, the proposed fee/tax would apply to restaurants that provide local delivery service to customers. The proposed fee/tax will disproportionately impact small businesses, most of which have annual retail sales revenue that exceeds the low $500,000 exemption threshold in this legislation.

Because this proposed fee/tax is in addition to sales tax, it is regressive because it will increase meal delivery costs for customers with lower and fixed incomes who patronize affordable restaurants in their communities.

For these reasons, we strongly oppose the delivery fee portion of this legislation and respectfully request that it be removed from the bill.

Sincerely,

Melvin R. Thompson
Senior Vice President

2025.2.25 HB352 R Smith Testimony Unfavorable.pdf
Uploaded by: Rob Smith
Position: UNF

Testimony to Appropriations Committee

HB352 -- Transportation – Repeal of Trade Difference Tax Credit
Position: Unfavorable

February 25, 2025

The Honorable Ben Barnes
Appropriations Committee
120 Taylor House Office Building
6 Bladen St., Annapolis, MD 21401
cc: Members, Appropriations Committee

Dear Chairman Barnes and Esteemed Committee Members,

I am writing to strongly urge you to oppose HB352, which seeks to repeal the trade difference tax credit for purchasers of new and used vehicles.

As President of Fitzgerald Auto Malls, representing over 1,300 Maryland employees, I can attest that Maryland's automotive industry is a significant economic driver, directly supporting 23,495 jobs statewide (NADA). Passing HB352 will inevitably lead to fewer trade-ins, decreased vehicle sales, and significant harm to our local economy and workforce.

Currently, Maryland consumers face unprecedented economic uncertainty due to potential federal job losses and instability surrounding government contracts. Fitzgerald Auto Malls have already experienced a 15% decline in customer leads during what historically has been our busiest season, coinciding with the period when tax refunds typically spur robust sales. Consumer spending is increasingly cautious, evidenced by the rising trend of financing vehicle repairs—averaging $1,138—even for basic maintenance.

Vehicle affordability has reached a critical tipping point. According to COX Automotive, the average new car now costs $49,740, a price increasingly unattainable without the trade-in credit. Removing this credit directly reduces the availability of affordable, safe used vehicles that Maryland families rely upon. Additionally, the trade-in credit encourages consumers to replace older, less safe vehicles with newer, more efficient models, including hybrids and electric vehicles, further aligning Maryland with its sustainability and public safety goals.

Historically, the trade difference credit has boosted Maryland's competitive edge over neighboring states. Prior to its implementation, Pennsylvania dealerships routinely outperformed Maryland dealers in trade-in activity, and Virginia currently sees 20-30% fewer trade-ins.

Eliminating this critical credit could return Maryland to a competitive disadvantage, negatively impacting jobs, sales, and tax revenue.

The WARN database underscores the seriousness of Maryland's employment landscape: job losses have more than doubled, rising from 925 in early 2024 to 2,087 in 2025. Combined with rising interest rates, repealing the trade difference tax credit will further compound these challenges, placing an unnecessary financial burden on Maryland families and businesses alike.

For these compelling reasons—protecting jobs, sustaining consumer affordability, ensuring road safety, and maintaining Maryland’s competitive economic standing—I strongly urge the Committee to reject HB352 and preserve the trade difference tax credit.

Thank you for your thoughtful consideration.

Respectfully,

Rob Smith
President
Fitzgerald Auto Malls