



**SB 337**

**Motor Fuel Tax Rates – Consumer Price Index Adjustment – Repeal**

**Budget and Taxation Committee**

**Position: Unfavorable**

Maryland AGC, the Maryland Chapter of the Associated General Contractors of America, provides professional education, business development, and advocacy for commercial construction companies and vendors, both open shop and union. AGC of America is the nation's largest and oldest trade association for the construction industry. AGC of America represents more than 26,000 firms, including over 6,500 of America's leading general contractors, and over 9,000 specialty-contracting firms, all through a nationwide network of chapters. Maryland AGC respectfully urges SB 337 be given an unfavorable report

This bill would repeal the annual indexing to inflation of all motor fuel tax rates, except for aviation and turbine fuels. Under current law, motor fuel taxes are increased annually based on inflation, as measured by the Consumer Price Index (CPI). The bill repeals any future increases beginning in fiscal 2023. Per the Fiscal Note, MDOT advises that based on its estimated revenue decrease resulting from the bill, MDOT will be required to reduce its capital program by \$855.0 million in fiscal 2023 through 2027 to maintain its debt service coverage ratio.

As a past Fiscal Notes pointed out, the average annual savings for motorists is negligible, at best \$1.00 per month.<sup>1</sup> However, the impact on the construction and maintenance of Maryland's roadways and transit systems would be dramatic. From the standpoint of transportation construction companies and their employees, passage of SB 337 would reduce construction opportunities. It is ironic that, with respect to transportation infrastructure, SB 337 would move Maryland backwards while the nation is moving forward under the bipartisan Infrastructure Investment and Jobs Act.

Accordingly, Maryland AGC respectfully urges that SB 337 be given an unfavorable report.

Champe C. McCulloch  
McCulloch Government Relations, Inc.  
Lobbyist for Maryland AGC

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<sup>1</sup> Fiscal Note, HB 957, 2018