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**Committee: Budget and Taxation**

**Testimony on: SB 337 – “Motor Fuel Tax Rates – Consumer Price Index Adjustment – Repeal”**

**Position: Oppose**

**Hearing Date: February 8, 2022**

The Maryland Chapter of the Sierra Club strongly opposes SB 337. The bill would repeal a requirement that motor fuel tax rates be adjusted in future years based on growth in the Consumer Price Index (CPI).

Motor fuel taxes are levied by all 50 states, Washington, DC, and the federal government, and 22 states (including Maryland) and DC have a variable rate gas tax that adjusts without regular legislative action. The proposed legislation would halt a modest but steady increase in gas tax revenue the General Assembly previously decided was necessary to keep up with inflation and help fund the state’s transportation infrastructure to support the needs of our citizenry and economic growth of the state.

According to Maryland’s latest Consolidated Transportation Program, the motor fuel tax is the largest source of funding in the state to support the Maryland Department of Transportation (MDOT). The fuel tax revenue goes into the state’s Transportation Trust Fund which supports the operation and maintenance of state transportation systems, administration, capital projects, Maryland’s portion of operating and capital subsidies for the Washington Metropolitan Area Transit Authority (WMATA), and capital grants to Maryland’s counties and Baltimore City for local transportation needs.

In Maryland and across the country, gas tax revenues have not been keeping up with transportation funding needs for several reasons. Less fuel per mile is required as vehicles become more efficient; an increasing number of electric vehicles are replacing gas and diesel fueled vehicles; younger people are driving less than previous generations; the pandemic caused a fall-off in driving; and the related interest in telework is continuing. At the same time, rising costs for transportation projects are causing MDOT’s program to be fiscally constrained.

In light of this situation, limiting the income from the state’s fuel tax would be both misguided and shortsighted. For these reasons, we urge an unfavorable report on this bill.

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Founded in 1892, the Sierra Club is America’s oldest and largest grassroots environmental organization. The Maryland Chapter has over 70,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.