



**HB422 – Motor Fuel Tax Rates – Consumer Price Index Adjustment – Repeal
House Ways and Means Committee
February 14, 2023**

Position: Favorable

Background: Automatic motor fuel tax rate increases based on the consumer price index would be repealed.

Comments: The Maryland Retailers Association (MRA) supports the proposal to repeal automatic rate increases for taxes on motor fuel based on the consumer price index (CPI).

Record-high inflation rates have driven up the cost of goods and services across the country for the past two years. High prices are related to a variety of factors including the price of raw materials, labor at every level of production, and shipping costs, and high interest rates are resulting in additional financial burdens for both consumers and businesses. As Marylanders watched costs continuously rise throughout 2022, they experienced an increase in the gasoline tax rate due to inflation just as unusually high fuel prices approached \$5 per gallon. Repealing automatic tax rate increases based on CPI would have a positive impact on all Marylanders not only based on individual transportation costs but also through lower prices on goods and services due to lower operational costs for businesses.

We are all reminded on a daily basis that the impacts of the COVID-19 pandemic and other global factors are far from over. Cost increases that we can control should be addressed as we continue to work through this challenging time. With this in mind, we would urge a favorable report on HB422. Thank you for your consideration.