



February 28, 2024

The Honorable Marc Korman
Chair, Environment & Transportation Committee
Maryland House of Delegates
251 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

RE: Oppose HB 1215 - Transportation Financing - Retail Delivery Fee and Transportation Network Company Impact Fee

Dear Chair Korman and members of the committees,

On behalf of Chamber of Progress, a tech industry association supporting public policies to build a more inclusive country in which all people benefit from technological leaps, I write to urge you to **oppose HB 1215**, which would levy a 50 cent fee on retail deliveries throughout Maryland.

This fee would disproportionately burden the most vulnerable members of the state, from residents of food deserts, individuals with disabilities, and low-income families who depend on the convenience of delivery services. It would also harm small businesses and undermine state emission reduction efforts, hindering Maryland's economic and environmental progress.

Delivery fees increase costs and threaten access to essential goods and services for marginalized 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,¹ and studies suggest the average order frequency for groceries will increase at a 12 percent annual rate over the next five years.² Nearly 1 in 4 Baltimore residents live in a

¹http://progresschamber.org/wp-content/uploads/2022/07/COP_Civic-Innovation_ANALYSIS.pdf

²<https://www.grocerydive.com/news/online-grocery-sales-will-increase-at-12-annual-rate-over-5-years-report/641578>

food desert.³ According to the U.S. Bureau of Labor Statistics, grocery prices in the Baltimore area increased 17% between July 2021 and July 2023, a price increase that coincided with an increase in calls for food assistance to United Way's 211 Maryland Helpline.⁴ For these residents, grocery and meal delivery services increase options for healthy, nutritious food.

Many people with disabilities who have difficulty shopping in-person also depend on delivery services for prescriptions, groceries, and household goods.⁵ In Maryland, 50% of people with disabilities live below the ALICE Threshold of Financial Survival. Low-income families across the board are also increasingly strained by the rising cost of food and other daily necessities.⁶ A survey of Colorado residents found that the burden of a 27 cent delivery fee fell hardest on low-income families. Families earning less than \$75,000 spent 2.5 times as much on delivery fees as families earning over \$200,000.⁷ Increasing the cost of delivery services would further burden struggling families in Maryland.

Delivery fees hurt Maryland small businesses and workers. Small businesses are the backbone of Maryland's economy, comprising 99.5% of all businesses and employing almost half of the workforce.⁸ In 2022, Maryland small businesses drove 72.2% of overall job growth.⁹

Increasing delivery fees threatens the livelihood of many Maryland businesses, especially restaurants reliant on delivery services for their clientele. Inflation is a significant concern for small business owners nationwide, including in Maryland.¹⁰ A voter survey conducted last week by the firm Public Policy Polling found that nearly two-thirds of Marylanders oppose these fees, with over half indicating they'd use delivery less if implemented.¹¹

Fewer delivery orders would likely result in decreased business revenues and wages for delivery drivers. Small business owners in Colorado objected to delivery fees there after their costs increased and customers complained about

³<https://www.thebaltimorebanner.com/culture/food-drink/food-desert-grocery-shopping-H3LP00ZDARD6VNVIXSZET50FUU/>

⁴<https://www.baltimoresun.com/2023/08/16/rising-grocery-prices-food-stamp-cuts-and-summertime-amplify-hunger-in-baltimore-food-deserts/>

⁵ <https://www.ameridisability.com/home-delivery-services-serve-up-improved-accessibility-to-food-and-more/>

⁶ <https://www.npr.org/2022/05/11/1097966775/inflation-poor-income-inequality-biden-federal-reserve>

⁷<http://progresschamber.org/wp-content/uploads/2024/02/EY-Chamber-of-Progress-Colorado-delivery-fee-analysis-02-27-2024-FINAL.pdf>

⁸ <https://advocacy.sba.gov/wp-content/uploads/2023/11/2023-Small-Business-Economic-Profile-MD.pdf>

⁹ <https://advocacy.sba.gov/wp-content/uploads/2023/11/2023-Small-Business-Economic-Profile-MD.pdf>

¹⁰ <https://www.uschamber.com/sbindex/quarterly-spotlight>

¹¹http://progresschamber.org/wp-content/uploads/2024/02/Chamber-of-Progress_Maryland-Delivery-and-Rideshare-Fee-Survey-Feb-2024.pdf

increased prices.¹² As small businesses strive to stay afloat and Marylanders struggle to afford basic necessities, adding delivery fees will only exacerbate these challenges.

Delivery fees would also impede progress toward ambitious emission reduction targets. Delivery services consolidate trips and use route-optimization technology, making them more efficient than multiple individual trips.

Unnecessary delivery fees would discourage consumers from choosing more environmentally friendly delivery options over carbon-intensive personal vehicle trips to stores, putting more cars on the road and more emissions in the air. To meet the state's goal of achieving a 60% reduction in greenhouse gas emissions by 2031 and full carbon neutrality by 2045,¹³ Maryland lawmakers should implement strategies that incentivize sustainable transportation choices while also ensuring fair access to goods and services for all Marylanders.

There are alternative solutions that account for changing transportation patterns. For example, Virginia adopted a Highway Use Fee in order to make up lost revenue from decreased fuel taxes. Under their system, drivers of electric and fuel-efficient vehicles can choose to pay a higher upfront registration fee or opt into a mileage tracking system and pay a fee proportional to the amount they drive.¹⁴ In 2022, Massachusetts voters approved a ballot measure increasing taxes on incomes over \$1 million in order to fund transportation and education priorities.¹⁵ The TRAIN Commission should be given time to study all of these alternatives before Maryland residents are subjected to fees on everyday services.

Delivery services play a critical role in supporting marginalized communities, achieving emission reduction goals, and sustaining small businesses statewide. It's important that tax policies do not jeopardize the benefits they provide to families and workers. As such, we urge you to **oppose HB 1215**.

Sincerely,

Alain Xiong-Calmes
Director of State & Local Government Relations, Eastern Us

¹²https://www.kktv.com/2022/07/07/new-colorado-retail-delivery-fee-causing-issues-small-businesses/?utm_source=dlvr.it&utm_medium=twitter

¹³<https://mde.maryland.gov/programs/air/ClimateChange/Pages/index.aspx#:~:text=Maryland%20has%20set%20the.net%20zero%20emissions%20by%202045>

¹⁴ <https://www.dmv.virginia.gov/vehicles/taxes-fees/mileage-choice>

¹⁵ <https://www.wbur.org/news/2022/11/09/massachusetts-election-question-1-tax>