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February 28, 2024

The Honorable Marc Korman
Chair
House Environment and Transportation Committee
Maryland House of Delegates
Room 251
House Office Building
Annapolis, MD 21401

RE: HB 1215 (Korman) - Transportation Financing - Retail Delivery Fee and Transportation Network Company Impact Fee (Transportation Funding Act of 2024).

Dear Chair Korman and Members of the Committee,

On behalf of TechNet, I'm writing to offer comments on HB 1215, related to retail delivery fees and transportation network company impact fees.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.2 million employees and countless customers in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, cybersecurity, venture capital, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Harrisburg, Olympia, Sacramento, Silicon Valley, and Washington, D.C.

The composition of the U.S. workforce is changing as new technologies have provided low-barrier access to flexible, independent work. This type of work allows individuals and families in need of supplemental income, including during periods of unemployment or underemployment, to access work on demand. Over time, in large part due to the availability of the gig and sharing economies, the independent workforce has grown to serve as an important source of earnings for millions of Americans. Many in the modern, independent workforce find they get better financial returns on their skills than similar groups in the traditional workforce. Perhaps the biggest benefit to this new workforce is the flexibility that self-employment, independent contracting, and freelancing provide, which allows the independent workforce to balance work, family, and leisure activities differently than in a traditional employment relationship.

TechNet is opposed to HB 1215 for several reasons. The bill calls for a 50-cent fee for each retail delivery transaction made by a vendor or marketplace facilitator, and a 50-cent fee on each passenger trip by a transportation network company (TNC), with a series of yearly increases for both. This means that every online grocery order, food takeout order, delivery of over-the-counter medicines, rideshares to work, and several other everyday tasks will be charged a 50-cent fee.

For families on a budget that may lack adequate transportation, a 50-cent fee on these delivery orders will add up quickly. Some individuals live in areas where grocery stores are not easily accessible and rely on delivery to meet their families' needs. Further, citizens in Maryland use TNCs to manage necessary tasks, such as getting to work or attending doctor's appointments.

Imposing a fee on app-based deliveries and TNC rides is complicated because app-based delivery and rides touch three interlocking groups of stakeholders: local consumers, restaurants and small businesses, and local workers. Imposing new fees on one part of app-based delivery and TNCs can impact a wide range of other stakeholders, causing a domino effect. This 50-cent fee is likely to raise costs for consumers, functioning as a regressive tax. It will hit hardest the lower-income households that use delivery apps to order meals, groceries, or other necessities. Raising the cost of deliveries will, in turn, hit local restaurants and small businesses, because when the cost of using delivery apps goes up, demand falls. Counterintuitively, these fees can end up harming, not helping, workers because as demand falls, so do work opportunities. Finally, it is important for the committee to consider that the state is currently proposing to place two other additional fees on TNCs. SB 505 and HB 1133 would allow counties to increase their TNC per trip fee from 25-cents to 50-cents, and Baltimore/Washington International Thurgood Marshall Airport has implemented an increase in their pickup and drop off fees, from \$2.50 to \$3.50. Taken all together, riders in the state of Maryland could see an additional \$1 to \$2 added to every trip before a ride is even requested.

Our members have a mission to empower local economies, including the thousands of local restaurants and other merchants that they partner with in Maryland. Restaurants use third-party meal delivery services to attract new customers, increase their sales, and grow their businesses. Rideshare companies transport Maryland citizens when individuals otherwise would lack access to transportation.

TechNet seeks to encourage, enable, and advance American leadership in innovation and is vigilant against vague, overbroad, unnecessary, harmful, or hostile laws and regulations that slow down innovation. We promote policies that encourage the development of entrepreneurship, mobile commerce, and the next wave of innovation in the new economy. Establishing an innovation-friendly policy framework is the key to the competitiveness of the technology industry. For the above stated reasons, TechNet is opposed to HB 1215.

Thank you for your consideration. If you have any questions regarding TechNet's opposition, please don't hesitate to reach out. We look forward to continuing conversations with you on this important issue.

Sincerely,

Margaret Durkin

Margaret Durkin
TechNet Executive Director, Pennsylvania & the Mid-Atlantic