ACT Testimony_HB1215_Transportation Funding Act.pd
Uploaded by: Amy Frieder
Position: FAV

Montgomery County's Advocates for Better Transportation

P.O. Box 7074, Silver Spring MD 20907 ● admin@actfortransit.org

February 26, 2024

SUPPORT for the Transportation Funding Act

HB 1215

The Action Committee for Transit supports the Transportation Funding Act of 2024 (HB 1215). As Maryland seeks new sources of funding for the transportation infrastructure it relies on, HB 1215 taps into a previously underutilized source. It draws funding from rideshare and e-commerce companies—which tend to increase the wear-and-tear on road and transportation infrastructure in the course of their business operations—by leveling a small 50 cent fee.

The Action Committee for Transit welcomes the forward-looking mechanisms in HB 1215 which will keep the fees charged in line with the real value of money, avoiding the pitfalls which have befallen funding sources like the gas tax, which have not kept pace with inflation. As most users of rideshare and the most frequent users of e-commerce sites tend to be people with greater incomes, we feel that the fee will have negligible negative impact on socioeconomic equity.

Though small in terms of cost to consumers, this fee will still provide roads and transportation infrastructure with a sizable new dedicated source of funding. Further, it dedicates any funds in surplus of the needs of the initial specified uses specifically to public transportation.

The Transportation Funding Act of 2024 will provide Maryland's transportation infrastructure with a reliable and long-term funding source and has the Action Committee for Transit's full support. We strongly urge you to vote yes on this legislation, HB 1215.

Sincerely,

Amy Frieder
President, Action Committee for Transit

HB1215_Transportation_Funding_Act_of_2024_MLC_FAV.
Uploaded by: Cecilia Plante
Position: FAV

MARYLAND LEGISLATIVE COALITION

TESTIMONY FOR HB1215
Transportation Funding Act of 2024

Bill Sponsor: Delegate Korman
Committee: Environment and Transportation
Organization Submitting: Maryland Legislative Coalition
Person Submitting: Aileen Alex, co-chair
Position: FAVORABLE

I am submitting this testimony in favor of HB1215 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists, and our Coalition supports well over 30,000 members.

The revenues flowing into the state's dedicated Transportation Trust Fund have declined. That account, which pays for highway and transit projects as well as for Baltimore's transit system and WMATA, is built on revenues from the state's gas tax and other taxes and fees.

HB1215 Transportation Funding Act of 2024 creates two new funding sources for the Transportation Trust Fund: 1) a $0.50 fee applied to the pin-point deliveries of online purchases that lead to greater CO2 emissions in aggregate and 2) a $0.50 fee on a ride share intended address CO2 emissions from idling between trips.

The first is a $0.50 fee was prompted by the increased use of trucks for last-mile delivery which causes significantly more wear and tear, congestion, and CO2 emissions than the combination of all of the passenger trips that it replaces. Other states, such as Colorado and Minnesota, have also recognized the need to address the need for increased investment in transportation infrastructure due to the greater rate of its degradation.

The second is a $0.50 fee on ride sharing services whose drivers spend significant time on the road without any passengers before and after paid trips, increasing congestion. Research has also found that many of these trips replace lower-carbon modes of transportation, producing an estimated 69 percent more emissions than the trip it replaces.

HB1215 strengthens our transportation systems while providing incentives to lower CO2 emissions. We support this bill and recommend a **FAVORABLE** report in committee.

Comments on HB 1215, Transportation Funding Act.pd
Uploaded by: Dan Reed
Position: FAV

GREATER GREATER WASHINGTON

Chair Marc Korman
and Members, Environment and Transportation Committee
House Office Building
6 Bladen Street
Annapolis, Maryland 21401

February 29, 2024

Dear Chair Korman and Members of the Environment and Transportation Committee:

My name is Dan Reed and I serve as the Regional Policy Director for Greater Greater Washington, a nonprofit that works to advance racial, economic, and environmental justice in land use, transportation, and housing throughout Greater Washington. GGWash supports House Bill 1215, the Transportation Funding Act of 2024, which would place a small fee on trips that create additional wear-and-tear on our roads.

Our transportation system, from the way streets are designed to the way they're funded, reflects a previous era of travel behavior. In recent years, two new sources of trips have emerged: transportation network (TNC) providers such as Lyft and Uber, and e-commerce deliveries from services like Amazon. While these services are extremely convenient for customers and in some cases reduce private car trips, the volume of these trips puts a significant strain on our roads. The costs these trips impose on our infrastructure are not adequately captured today, further stretching our limited transportation funding.

As written, this bill would charge a small, flat fee on TNC rides and e-commerce deliveries, which is projected to raise as much as $200 million per year. Along with House Bill 1070, House Bill 1215 will provide the revenue we need to maintain the transportation network Marylanders rely on today while funding investments for the future. We urge the Environment and Transportation Committee to give this bill a favorable report.

Sincerely,

Dan Reed
Regional Policy Director
Greater Greater Washington

The Washington, DC region is great » and it can be greater.

80 M Street SE, Suite 100, Washington, DC 20003
info@ggwash.org

HB 1215 FAV_CMTA.pdf
Uploaded by: Eric Norton
Position: FAV

Transportation Alliance

March 1, 2024

Testimony on HB 1215 –
***Transportation Funding Act of 2024* –**
Environment & Transportation Committee

Position: Favorable

The Central Maryland Transportation Alliance supports the Transportation Funding Act of 2024, which created the Retail Delivery Fee and Transportation Network Company Impact Fee as new sources of revenue for the state's Transportation Trust Fund (TTF).

By imposing a modest fee of 50 cents per trip, HB 1215 recognizes the impact that transportation network companies and delivery services have on the state's infrastructure. Additionally, the bill upholds accountability by establishing dedicated accounts within the TTF with clear guidance that the funds in those accounts be used for already established state transportation needs and commitments: maintaining a state of good repair for the Maryland Transit Administration and adequately funding state transportation aid for local governments.

While HB 1215 seeks to address the state's transportation budgetary pressures by increasing revenue, we also encourage the General Assembly to look closely at the spending side of the ledger and to seriously consider reprioritizing how the state allocates its transportation dollars. Previous efforts at reform and transparency, such as the Chapter 30 project scoring process, should be re-evaluated and strengthened to ensure better transportation outcomes for Maryland residents.

We encourage a FAVORABLE report for House Bill 1215.

Maryland Transportation Funding Act of 2024_HB 121
Uploaded by: Ernesto Villasenor
Position: FAV

Committee: **Environment and Transportation**
Testimony: **Maryland Transportation Funding Act of 2024 (HB 1215)**
Position: **Favorable**
Hearing Date: **March 1, 2024**

Ernesto Villaseñor, Jr., J.D
Chesapeake Climate Action Network Action Fund

On behalf of the Chesapeake Climate Action Network Action Fund, we strongly support the Maryland Transportation Funding Act of 2024 (HB 1215). This legislation tackles the evolving dynamics of our transportation network by creating reliable funding streams derived from the growing utilization of trucks for last-mile delivery. These trucks contribute to wear and tear, congestion, and CO2 emissions in our community. By establishing sustainable revenue sources, this legislation empowers us to meet our transportation demands while prioritizing investments in infrastructure that align with our climate objectives.

The Act's provisions demonstrate a commitment to sustainable transportation funding by imposing fees on retail deliveries and transportation network company services, thereby creating revenue streams that can be reinvested in transportation infrastructure and initiatives. This approach aligns with the state's transportation priorities and promotes equitable access to essential transportation services for all Maryland residents.

Two proposed fees in the legislation aim to address transportation and environmental challenges. The first, a $0.50 fee on online purchases subject to state sales tax, targets last-mile delivery's wear, congestion, and CO2 emissions surpassing those of all replaced passenger trips. The second fee, also $0.50, targets ride-hailing services, which, despite being promoted as congestion reducers, often worsen congestion and emit more CO2 than the modes they replace.

By prioritizing capital needs identified in assessments and distributing funds to counties and municipalities for specified purposes, the Act establishes a clear pathway for addressing infrastructure demands and enhancing transportation systems across Maryland. Furthermore, the allocation of remaining funds to the Locally Operated Transit System Grant Program ensures that resources are directed towards supporting vital transit services that benefit communities statewide.

In conclusion, we urge the Committee to find the Maryland Transportation Funding Act of 2024 favorable as it represents a significant step towards addressing transportation challenges, investing in infrastructure, and advancing sustainable transportation solutions in our state.

CONTACT
Ernesto Villaseñor, Jr., JD | Policy Manager
Chesapeake Climate Action Network Action Fund
ernesto@chesapeakeclimate.org |310-465-6943

HB1215_MDSierraClub_Fav27Feb2024 .docx.pdf
Uploaded by: Josh Tulkin
Position: FAV

SIERRA CLUB

P.O. Box 278
Riverdale, MD 20738

Committee: Environment and Transportation
Testimony on: HB 1215- Transportation Financing - Retail Delivery Fee and Transportation Network Company Impact Fee (Transportation Funding Act of 2024)
Position: Support
Hearing Date: March 1, 2024

The Maryland Chapter of the Sierra Club supports HB 1215. This bill raises critical revenue that is needed for our state's transportation system. The bill applies a $0.50 fee to every delivery transaction from an online purchase that has at least one item subject to the state sales tax. The bill also applies a $0.50 fee on transportation network companies (such as Uber and Lyft). The funding from the bill is earmarked for maintenance needs of the Maryland Transit Administration, Highway User Revenues funds, and Locally Operated Transit Systems.

Assessing fees on deliveries as well as transportation network companies is appropriate to pay for the wear and tear they contribute to the roads along with carbon pollution and traffic congestion. The funding will help offset these impacts with investments in public transit and maintenance funding for our roads and highways.

Maryland's six year capital budget is facing a fiscal imbalance of over $3.15 billion. If the fiscal imbalance is not addressed, it would result in major cuts to transit service, deferred maintenance needs on our transit and highway systems, and a delay of critical vehicle electrification programs. To address the fiscal imbalance, Maryland should reevaluate its spending priorities and raise revenue.

Revenue that is raised for transportation purposes should first go to State of Good Repair projects that maintain our state's transportation systems and preserve existing public transit service. Additional funding raised should focus on expanding public transit, active transportation, vehicle electrification, and transit oriented-development projects and programs that would help meet the state's climate, mobility, and equity goals. It is important that revenue raised through programs such as these are not used for highway expansion projects that would hinder progress on these goals. <u>Therefore we urge this committee to consider prohibiting any funds raised by this legislation to be used for highway construction</u>

This bill assesses reasonable fees on transportation services that will be earmarked into programs that will help address the traffic and environment impacts of these services and improve mobility for everyone. For this reason, we urge a favorable report.

Lindsey Mendelson	Jane Lyons-Rader	Josh Tulkin
Transportation Representative	Transportation Chair	Chapter Director
lindsey.mendelson@mdsierra.org	janeplyons@gmail.com	josh.tulkin@mdsierra.org

HB 1215_MD Center on Economic Policy_FAV.pdf
Uploaded by: Kali Schumitz
Position: FAV

MARCH 1, 2024

Modest Fees Will Help Meet Marylanders' Transportation Needs

Position Statement in Support of House Bill 1215

Given before the House Environment and Transportation Committee and the House Economic Matters Committee

Modern, multimodal transportation infrastructure is one of the fundamental building blocks of Maryland's economy, but severe revenue shortfalls threaten to undermine our transportation systems for years to come. House Bill 1215 would help meet Marylanders' transportation needs by levying modest fees on deliveries and app-based ride services that create wear and tear on Maryland roads. **For these reasons, the Maryland Center on Economic Policy supports House Bill 1215.**

House Bill 1215 generates revenue from two services:

- A $0.50-per-transaction fee on delivery of retail purchases subject to sales tax. In the wake of COVID-19–related shifts in consumer behavior, it is essential to ensure that these services generate revenue to support the transportation infrastructure they rely on. The fee exempts tax-free deliveries such as groceries and is structured to prevent multiple fees when a single transaction results in multiple deliveries.

- A small fee on app-based ride services. Both academic research[i] and these companies' own analysis[ii] finds that app-based ride services increase traffic, reduce transit ridership, and have little impact on car ownership. The bill levies a $0.25 fee on electric vehicle rides and a $0.50 fee on other rides.

The resulting revenue would be used to fund transportation capital needs, local highway user revenues, and (if sufficient revenue is available) local transit funding.

Reliable transportation infrastructure is essential for a strong Maryland economy. Surveys of corporate executives have placed highway access among the top five location considerations in four of the last five years.[iii] Furthermore, research has linked the quality of transit service, urban population density, and productivity and economic growth, especially in the knowledge economy.[iv]

Transit investments made possible by House Bill 1215 would build opportunity for Marylanders of color, based on a 2021 MDCEP analysis:[v]

1800 North Charles Street, Suite 310 Baltimore MD 21202 | mdcep@mdeconomy.org | 410-412-9105

- About one in six Black workers in Maryland take public transportation to get to work, compared to only one in 20 white workers. Workers in other racial and ethnic groups are about twice as likely to commute via transit as their white counterparts.
- On average, it takes transit commuters in Maryland just over 50 minutes to get to work each day, plus 50 minutes to get back home. Average car commutes are a little over 30 minutes each way. Over the course of a year, this adds up to about a week of extra commuting time for a full-time worker.
- On average, workers in the Baltimore metro area can reach only 8% of jobs in the region by transit in one hour or less. By car, 100% of jobs in the region are accessible within an hour. In fact, there are more jobs within a 20-minute drive of an average Baltimore-area worker than within an hourlong transit ride.
- In the Washington, DC, metro area (including portions outside Maryland), workers can on average reach 10% of the region's jobs in an hour via transit or 85% in an hour by car.

Strengthening transportation revenue is also essential to guarantee quality transportation services for Marylanders with disabilities. A federal investigation in 2023 found that delayed pickups and drop-offs as well as long call center waits violated the Americans with Disabilities Act.[vi] The revenue generated by House Bill 1215 would enable the state to improve service quality and come into compliance with federal law.

For these reasons, the Maryland Center on Economic Policy respectfully asks that the House Environment and Transportation Committee and the House Economic Matters Committee make an favorable report on House Bill 1215.

Equity Impact Analysis: House Bill 1215

Bill summary

House Bill 1215 creates a $0.50-per-transaction fee on deliveries and a fee on app-based ride services ($0.25 for electric vehicle rides, $0.50 for other rides). The revenue from these fees would support transportation capital investments, local highway user revenues, and (if sufficient revenue is available) local transit funding.

Background

A six-year deficit of $3 billion in the Transportation Trust Fund makes severe cuts to transportation operating and capital funding likely.

Equity Implications

Maryland's current transportation infrastructure – especially insufficient historical investments in transit – has significant shortcomings with respect to racial equity:

- About one in six Black workers in Maryland take public transportation to get to work, compared to only one in 20 white workers. Workers in other racial and ethnic groups are about twice as likely to commute via transit as their white counterparts.
- On average, it takes transit commuters in Maryland just over 50 minutes to get to work each day, plus another 50 minutes to get back home. Average car commutes are a little over 30 minutes each

way. Over the course of a year, this adds up to about a week of extra commuting time for a full-time worker.

- On average, workers in the Baltimore metro area can reach only 8% of jobs in the region by transit in one hour or less. By car, 100% of jobs in the Baltimore region are accessible within an hour. In fact, there are more jobs within a 20-minute drive of an average Baltimore-area worker than within an hourlong transit ride.
- In the Washington, DC, metro area (including portions outside Maryland), workers can on average reach 10% of the region's jobs in an hour via transit or 85% in an hour by car.

Current transportation policies also discriminate against Marylanders with disabilities. A federal investigation in 2023 found that delayed pickups and drop-offs as well as long call center waits violated the Americans with Disabilities Act.

Insufficient funding in coming years threatens to worsen these inequities. The revenue generated under House Bill 1215 would protect investments needed to make Maryland's transportation systems more equitable.

While detailed, disaggregated data on consumer delivery and ride service expenditures are not available, consumption-based taxes and fees like those levied under House Bill 1215 typically create greater responsibilities for working families than other revenue sources. One way to improve the distributional equity of House Bill 1215 would be to pair the bill with measures to increase Transportation Trust Fund revenue from the corporate income tax.

Impact

House Bill 1215 may generate both positive and negative equity impacts, but on net would likely **improve racial, disability, and economic equity** in Maryland.

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[i] Mi Diao, Hui Kong, and Jinhua Zhao, "Impacts of Transportation Network Companies on Urban Mobility," *Nature Sustainability 4*, 2021, https://www.nature.com/articles/s41893-020-00678-z

[ii] Kyle Hyatt, "Ride-Hailing Companies Like Uber and Lyft Have Been Making Traffic Worse, Report Says," *CNET*, August 6, 2019, https://www.cnet.com/roadshow/news/uber-lyft-ride-hailing-traffic-worse/

[iii] MDCEP analysis of *Area Development* magazine 33rd to 37th annual corporate surveys.

[iv] See:
Avishai Ceder, "Urban Mobility and Public Transport: Future Perspectives and Review," *International Journal of Urban Sciences*, 2020, https://doi.org/10.1080/12265934.2020.1799846
Richard Knowles, Fiona Ferbrache, and Alexandros Nikitas, "Transport's Historical, Contemporary and Future Role in Shaping Urban Development: Re-Evaluating Transit Oriented Development," *Cities 99*, 2020, https://doi.org/10.1016/j.cities.2020.102607
"Economic Impact of Public Transportation Investment," American Public Transportation Association, 2020, https://www.apta.com/wp-content/uploads/APTA-Economic-Impact-Public-Transit-2020.pdf
Gabriel Ahlfeldt and Elisabetta Pietrostefani, "The Economic Effects of Density: A Synthesis," Centre for Economic Policy Research Discussion Paper DP13440, 2019, https://repec.cepr.org/repec/cpr/ceprdp/DP13440.pdf
Patricia Melo and Daniel Graham, "Transport-Induced Agglomeration Effects: Evidence for US Metropolitan Areas," *Regional Science Policy & Practice 10*(1), 2018, https://rsaiconnect.onlinelibrary.wiley.com/doi/abs/10.1111/rsp3.12116
Chandler Duncan, Naomi Stein, Mike Brown, Sue Moses, and Darnell Grisby, "Public Transportation's Role in the Knowledge Economy," American Public Transportation Association, 2016, https://www.apta.com/wp-content/uploads/Resources/resources/reportsandpublications/Documents/APTA-PT-Knowledge-Economy.pdf
Daniel Chatman and Robert Noland, "Transit Service, Physical Agglomeration and Productivity in US Metropolitan Areas," *Urban Studies 51*(5), 2013, https://doi.org/10.1177/0042098013494426
Jaison Abel, Ishita Dey, and Todd Gabe, "Productivity and the Density of Human Capital," *Journal of Regional Science 52*(4), 2011, https://doi.org/10.1111/j.1467-9787.2011.00742.x

[v] Christopher Meyer, "Budgeting for Opportunity: Maryland's Workforce Development Policy Can Be a Tool to Remove Barriers and Expand Opportunity," Maryland Center on Economic Policy, 2021, https://www.mdeconomy.org/budgeting-for-opportunity-workforce/

[vi] Bryan Sears, "U.S. Attorney: Maryland Paratransit System Does Not Comply with ADA; Lawsuit Threatened," *Maryland Matters*, July 19, 2023, https://www.marylandmatters.org/2023/07/19/u-s-attorney-maryland-paratransit-system-does-not-comply-with-ada-lawsuit-threatened/

HB1215_Amendment
Uploaded by: Marc Korman
Position: FAV

HB1215/713529/1

AMENDMENTS PREPARED BY THE DEPT. OF LEGISLATIVE SERVICES

26 FEB 24
18:11:06

BY: Delegate Korman
(To be offered in the Environment and Transportation Committee)

AMENDMENTS TO HOUSE BILL 1215
(First Reading File Bill)

AMENDMENT NO. 1
On page 1, after line 19, insert:

"BY repealing and reenacting, with amendments,
Article - Tax - General
Section 11–101(l)(3)(ii) and (iii)
Annotated Code of Maryland
(2022 Replacement Volume and 2023 Supplement)

BY adding to
Article - Tax - General
Section 11–101(l)(3)(iv) and (v)
Annotated Code of Maryland
(2022 Replacement Volume and 2023 Supplement)".

On page 2, in line 3, strike "18.8–106" and substitute "18.8–105".

AMENDMENT NO. 2
On page 2, after line 13, insert:

"**Article – Tax – General**

11–101.

(l) (3) "Taxable price" does not include:

(ii) the value of a used component or part (core value) received from a purchaser of the following remanufactured truck parts:

1. an air brake system;

2. an engine;

3. a rear axle carrier; or

4. a transmission; **[**or**]**

(iii) a charge for a nontaxable service that is made in connection with a sale of a taxable communication service, even if the nontaxable charges are aggregated with and not separately stated from the taxable charges for communications services, if the vendor can reasonably identify charges not subject to tax from its books and records that are kept in the regular course of business**;**

(IV) A RETAIL DELIVERY FEE IMPOSED UNDER TITLE 18.8 OF THE TRANSPORTATION ARTICLE; OR

(V) A TRANSPORTATION NETWORK COMPANY IMPACT FEE IMPOSED UNDER § 10–408 OF THE PUBLIC UTILITIES ARTICLE.".

On page 4, after line 31, insert:

"**(C) "MARKETPLACE SELLER" HAS THE MEANING STATED IN § 11–101 OF THE TAX – GENERAL ARTICLE.**".

On page 5, in lines 1, 7, 9, 11, 13, and 15, strike "**(C)**", "**(D)**", "**(E)**", "**(F)**", "**(G)**", and "**(H)**", respectively, and substitute "**(D)**", "**(E)**", "**(F) (1)**", "**(G)**", "**(H)**", and "**(I)**", respectively; in line 5, after "**PICKUP**" insert "**BY THE BUYER**"; after line 10, insert:

"**(2) "RETAIL SALE" INCLUDES A SALE FOR USE, AS DEFINED IN § 11–101 OF THE TAX – GENERAL ARTICLE.**";

and strike in their entirety lines 17 through 29, inclusive.

On page 6, in line 1, strike "**18.8–103.**" and substitute "**18.8–102.**"; and in line 7, strike "**2026**" and substitute "**2028**".

On page 7, in line 9, strike "**MAY**" and substitute "**SHALL EITHER:**

(I)";

in line 10, strike "**THE**" and substitute "**A**"; in the same line, after "**BUYER**" insert "**; OR**

(II) PAY THE RETAIL DELIVERY FEE ON BEHALF OF A BUYER";

in line 28, after "**FACILITATOR,**" insert "**MARKETPLACE SELLER,**"; and in line 29, strike "**18.8–104.**" and substitute "**18.8–103.**".

On page 8, in line 3, strike "**18.8–105.**" and substitute "**18.8–104.**"; in line 4, strike "**(1)**"; strike in their entirety lines 7 through 18, inclusive; in line 25, strike "**(A)(1)**" and substitute "**(A)**"; in line 26, after "**(1)**" insert "**(I)**"; and after line 28, insert:

"**(II) THE REQUIREMENTS OF § 11–403.1 OF THE TAX – GENERAL ARTICLE RELATING TO THE COLLECTION OF THE SALES AND USE TAX BY A MARKETPLACE FACILITATOR APPLY TO THE COLLECTION OF THE RETAIL DELIVERY FEE BY A MARKETPLACE FACILITATOR.**".

On page 9, in line 5, strike "**18.8–106.**" and substitute "**18.8–105.**"; in line 7, after "**ASSESSMENT,**" insert "**LIABILITY FOR PAYMENT,**"; strike in their entirety lines 10 through 16, inclusive; after line 16, insert:

"**(B) FROM THE RETAIL DELIVERY FEE REVENUE, THE COMPTROLLER SHALL DISTRIBUTE THE AMOUNT NECESSARY TO PAY REFUNDS RELATING TO THE RETAIL DELIVERY FEE TO A REFUND ACCOUNT.**";

strike in their entirety lines 17 and 18 and substitute:

"**(C) AFTER MAKING THE DISTRIBUTION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION, THE COMPTROLLER SHALL DISTRIBUTE THE AMOUNT NECESSARY TO ADMINISTER THE RETAIL DELIVERY FEE TO AN ADMINISTRATIVE COST ACCOUNT.**";

and strike beginning with "**RETAINING**" in line 19 down through "**(C)**" in line 20 and substitute "**MAKING THE DISTRIBUTIONS REQUIRED UNDER SUBSECTIONS (B) AND (C)**".

On page 10, in line 13, strike "**2026**" and substitute "**2028**".

On page 11, in line 15, strike "**MAY**" and substitute "**SHALL EITHER:**

(I)";

and in line 17, after "**OPERATOR**" insert "**; OR**

(II) PAY THE TRANSPORTATION NETWORK COMPANY IMPACT FEE ON BEHALF OF A PASSENGER".

On page 12, in line 7, after "**ASSESSMENT,**" insert "**LIABILITY FOR PAYMENT,**"; strike in their entirety lines 11 through 14, inclusive; in lines 15, 24, and 29, strike "**(G)**", "**(H)**", and "**(I)**", respectively, and substitute "**(F)**", "**(G)**", and "**(H)**", respectively; strike beginning with "**THE**" in line 15 down through "**FEE**" in line 17 and substitute "**FROM THE TRANSPORTATION NETWORK COMPANY IMPACT FEE REVENUE, THE COMPTROLLER SHALL DISTRIBUTE THE AMOUNT NECESSARY TO PAY REFUNDS RELATING TO THE TRANSPORTATION NETWORK COMPANY IMPACT FEE TO A REFUND ACCOUNT.**

(2) AFTER MAKING THE DISTRIBUTION REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMPTROLLER SHALL DISTRIBUTE THE AMOUNT NECESSARY TO ADMINISTER THE TRANSPORTATION NETWORK COMPANY IMPACT FEE TO AN ADMINISTRATIVE COST ACCOUNT";

in line 18, strike "**(2)**" and substitute "**(3)**"; strike beginning with "**RETAINING**" in line 18 down through "**(1)**" in line 19 and substitute "**MAKING THE DISTRIBUTIONS REQUIRED UNDER PARAGRAPHS (1) AND (2)**"; after line 30, insert:

"SECTION 2. AND BE IT FURTHER ENACTED, That, if any provision of this Act or the application of any provision of this Act to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of this Act that can be given effect without the invalid provision or application, and for this purpose the provisions of this Act are declared severable.";

in line 31, strike "2." and substitute "3."; and in line 32, strike "2025" and substitute "2027".

HB1215_FactSheet
Uploaded by: Marc Korman
Position: FAV

Marc Korman
Legislative District 16
Montgomery County

Chair
Environment and Transportation Committee

Rules and Executive Nominations Committee

The Maryland House of Delegates
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THE MARYLAND HOUSE OF DELEGATES
Annapolis, Maryland 21401

The Transportation Funding Act of 2024 (HB1215) Fact Sheet

What does the bill do?

The Transportation Funding Act of 2024 establishes two new sustainable sources of revenue for the state's transportation system.

The first is an e-commerce delivery charge that applies a $0.50 fee to every delivery from an online purchase that has at least one item subject to the state sales and use tax.

The second is a transportation network company (TNC) (*e.g.*, Uber; Lyft) charge that applies a $0.50 fee for all TNC trips in an internal combustion engine vehicle that originate in Maryland. A lower $0.25 fee is applied to all trips taken with an electric vehicle.

The revenue will be used to directly mitigate the impact of these activities and support our transportation programs through funding of the Maryland Transit Administration's State of Good Repair needs, local Highway User Revenues, and Locally Operated Transit System grants. The fees will be tied to inflation (with a cap) to ensure that revenue keeps pace with expenditures.

Why does the state transportation system need more revenue?

Over the past two decades, aggregate gasoline consumption has stagnated due to improvements in vehicle fuel efficiency and adoption of zero-emission vehicles. The impact of this is an erosion in motor fuel tax revenue. The motor fuel tax has historically made up the largest share of state transportation revenue. In 2022, it made up 38.4% nationally, down from 41.1% in 2018.[1] In Maryland, the Department of Transportation estimated that motor fuel taxes would constitute 23.1% of Transportation Trust Fund revenues between FY23 and FY28. Excluding federal funds, the share of motor fuel tax revenue in the TTF is 30%.[2]

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[1] NCSL Staff, "Road Worries: Sagging Gas Tax, Rising Traffic Safety Woes," National Conference of State Legislatures, April 21, 2023, https://www.ncsl.org/state-legislatures-news/details/road-worries-sagging-gas-tax-rising-traffic-safety-woes-2.

[2] Maryland Department of Legislative Services, *Maryland Department of Transportation Fiscal 2024 Budget Overview*, Annapolis, MD: Maryland General Assembly (2023), 9, https://mgaleg.maryland.gov/pubs/budgetfiscal/2024fy-budget-docs-operating-J00-Maryland-Department-of-Transportation-Overview.pdf.

Funding needs are only growing including Maryland's substantial operating commitment to two urban transit systems, the capital backlog across multiple modes, and the desire to embark on significant projects such as the Baltimore Red Line, MARC rail improvements, the Frederick Douglass Tunnel, roadway improvements and so on.

The legislature has looked to the General Fund in recent years to offset increasing transportation expenditures and declining revenues. In 2020, the legislature allocated $40 million from the General Fund to the Howard Street Tunnel Project.[3] In 2022, the legislature increased the portion of corporate income tax revenue that must be distributed to the Gasoline and Motor Vehicle Revenue Account[4] and allocated part of the revenue from the State Lottery Fund to the Department of Transportation for bus rapid transit system grants.[5] State support for the Washington Metropolitan Area Transit Authority (WMATA) has also come from General Funds and bond premiums.[6] In 2023, $100 million from the General Fund was allocated to fund certain transportation priorities.[7] Further reallocations from the General Fund are not a long-term or sustainable solution as they require a parallel decrease in other General Fund expenditures.

As a motor fuel tax increase and further General Fund reallocations are not viable options for a sustainable revenue stream that can meet Maryland's transportation investment needs, other revenue sources and financing mechanisms will have to leveraged.

Why is a fee being applied to e-commerce deliveries and transportation network company trips?

Maryland's revenue structure needs to be updated to parallel the modern economy. Over the last decade, the way that we interact with the transportation system has shifted dramatically.

Instead of driving to purchase items in-store, the use of online purchasing and delivery has grown exponentially. While convenient for many of us, the increased use of trucks for last-mile delivery causes greater wear and tear on local roads, more traffic and congestion, and greater CO_2 emissions. According to research from the World Economic

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[3] Maryland Department of Legislative Services, *Fiscal Briefing*, by Hiram L. Burch, et al., Annapolis, MD: Maryland General Assembly (2020), 30, https://mgaleg.maryland.gov/Pubs/BudgetFiscal/2020rs-operating-budget-fiscal-briefing.pdf.
[4] Maryland General Assembly, *Transportation – Highway User Revenues – Revenue and Distribution*, CH 240, 2022 Regular Session, https://mgaleg.maryland.gov/2022RS/Chapters_noln/CH_240_hb1187e.pdf.
[5] Maryland General Assembly, *Economic Development – Sports Entertainment Facilities and Events, Prince George's County Blue Line Corridor Facilities, and Racing Facilities*, CH 61, 2022 Regular Session, https://mgaleg.maryland.gov/2022RS/Chapters_noln/CH_61_hb0897t.pdf.
[6] Maryland Department of Legislative Services, *J00A104 – Maryland Department of Transportation – Washington Metropolitan Area Transit Authority Operating Budget Analysis*, Annapolis, MD: Maryland General Assembly (2023), 15, https://mgaleg.maryland.gov/Pubs/BudgetFiscal/2024fy-budget-docs-operating-J00A0104-MDOT-WMATA---Operating-Budget.pdf.
[7] Maryland General Assembly, *Budget Bill (Fiscal Year 2024)*, CH 101, 2023 Regular Session, https://mgaleg.maryland.gov/2023RS/Chapters_noln/CH_101_hb0200e.pdf.

Forum, the number of delivery vehicles on the roads in 2030 will be an estimated 36% higher than it was in January 2020, increasing related emissions by nearly one-third and adding an average of 11 minutes to passenger commutes.[8]

Transportation network companies, also known as digital dispatch or ride-hailing services, have marketed themselves as a tool to reduce traffic congestion through ridesharing and promote regional transit usage by serving as a first- and last-mile connection to transit and providing a convenient alternative to car ownership. However, TNCs also spend significant time on the road without any passengers before and after paid trips, referred to as "deadheading." Research found that out-of-service travel accounted for 50 percent of TNC vehicle miles traveled in New York and 20 percent in San Francisco. Evidence also demonstrates that between 43 and 61 percent of TNC trips substitute for transit, walk, or bike travel, or would not have been made at all. Multiple studies have also found that TNCs increase vehicle miles traveled in urban areas and increase overall congestion.[9] Other research has found that due to deadheading and the use of TNCs to replace lower-carbon modes of transportation, the average ride-hailing trip produces an estimated 69 percent more emissions than the trip it replaces.[10]

When does the e-commerce delivery fee apply? How will it be collected?

The e-commerce delivery fee of $0.50 will apply to any order placed online that includes at least one item subject to the state sales and use tax that the company or a designated subsidiary will deliver to a personal address. It will only apply once per transaction, regardless of the number of items or number of shipments. It does not apply to in-store pickups or curbside delivery. As clarified in amendments that will be presented to the Committee, it is remitted by the company making the transaction, whether the vendor creating the product or a marketplace facilitator.

The Comptroller's office will establish a process for fee collection. Companies have two options for collection of the fee: They can either charge the customer the $0.50 directly, which must be included as a separate line item on the receipt, or can choose to pay the fee on the customer's behalf.

When does the transportation network company fee apply? How will it be collected?

The TNC fee of $0.50 will apply to any transportation network company trip that originates in Maryland. Trips taken with an electric vehicle will be subject to a reduced

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[8] Madeleine Hillyer, "Urban Deliveries Expected to Add 11 Minutes to Daily Commute and Increase Carbon Emissions by 30% until 2030 without Effective Intervention," World Economic Forum, January 10, 2020, https://www.weforum.org/press/2020/01/urban-deliveries-expected-to-add-11-minutes-to-daily-commute-and-increase-carbon-emissions-by-30-until-2030-without-effective-intervention-e3141b32fa/.

[9] Gregory D. Erhardt, et al., "Do transportation network companies decrease or increase congestion?", *Science Advances* 5, no. 5, (May 2019), 1-11, https://doi.org/10.1126/sciadv.aau2670.

[10] Don Anair, et al., "Ride-Hailing's Climate Risks: Steering a Growing Industry Toward a Clean Transportation Future," Union of Concerned Scientists, February 25, 2020, https://www.ucsusa.org/resources/ride-hailing-climate-risks.

$0.25 fee because electric vehicle usage addresses concerns regarding CO_2 emissions but not congestion.

The Comptroller's office will establish a process for fee collection. Like the e-commerce delivery fee, companies can either charge the customer directly for the fee or elect to pay it on the customer's behalf.

How much revenue will the fees generate annually?

Estimates suggest that in their first year, the e-commerce delivery fee will generate $150 million and the TNC fee will generate $30 million. As the fees are tied to inflation, revenues are expected to increase annually. Because the Maryland Department of Transportation bonds off of its revenue, the value of these funds will ultimately be greater than the amount raised. Bond capacity is estimated to increase by $985 million over the first four years of fee collection.

Where else have these fees been implemented?

Currently, Colorado is the only state that has implemented an e-commerce delivery fee, serving as a test case for this revenue stream. Their implementation challenges provide a useful framework for how to structure the fee in a way that minimizes the burden for businesses while still addressing the effects of increased truck traffic on our roads. These modifications include the option for businesses to pay the fee on the customer's behalf rather than including it as a separate line item on the customer's bill, necessitating significant software upgrades for many companies. Aside from Colorado, Minnesota's $0.50 e-commerce delivery fee will go into effect on July 1, 2024. Additionally, a study of the fee is due to the Washington State Legislature in June[11], a bill is currently under consideration in the New York State Assembly[12], and the concept was recommended by North Carolina's transportation funding commission[13].

Many states and local jurisdictions around the country have implemented a TNC fee, including local jurisdictions here in Maryland. Currently, Annapolis, Baltimore City, Brunswick, the city of Frederick, Howard County, Montgomery County, Ocean City, and Prince George's County assess a $0.25 fee on transportation network company trips that originate in their jurisdiction.[14] Similar to New York and California, in local jurisdictions

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[11] Washington State Legislature, *An act relating to transportation funding and appropriations*, Chapter 472, 2023 Regular Session, 14, https://lawfilesext.leg.wa.gov/biennium/2023-24/Pdf/Bills/Session%20Laws/House/1125-S.SL.pdf?q=20240131071834.

[12] New York State Assembly, Senate, *An act to amend the state tax law and the state finance law, in relation to a surcharge on online delivery sales in the city of New York*, S 5895, 2023-2024 Regular Sessions, introduced in Senate March 22, 2023, https://nyassembly.gov/leg/?default_fld=&leg_video=&bn=S05895&term=&Summary=Y&Actions=Y.

[13] North Carolina Future Investment Resources for Sustainable Transportation (NC FIRST) Commission, *Final Commission Report*, by Nancy L. McFarlane, et al., Raleigh, NC: North Carolina Department of Transportation (2021), 134, https://www.ncdot.gov/about-us/how-we-operate/finance-budget/nc-first/Documents/2021-01-08-final-report.pdf.

[14] Comptroller of Maryland, *Transportation Network Service Rate* Chart, August 11, 2023, https://www.marylandtaxes.gov/forms/TNC_Assessments/Transportation_Network_Service_Rate_Chart.pdf.

with a TNC fee, both the state and local fee will be charged. TNCs increase wear and tear and congestion on both state and local roads. This fee structure ensures that both relevant authorities have the resources necessary to address the negative impact of TNCs on their roadways. Furthermore, the maximum total fee in Maryland – $0.75 – is much lower than the $3 charged in Chicago and $2.75 in New York City and likely lower than the average fee paid in jurisdictions such as Hawaii, Rhode Island, Washington, DC, and Wyoming, that charge rates of 4 to 7 percent.[15]

Where will the revenue go?

The money will be used to directly mitigate the effects of increased wear and tear on our local roadways. The revenue will be used for the Maryland Transit Administration's State of Good Repair needs and to support local government transportation funding through Highway User Revenues, the statutory increases for which are not fully funded under the budget for future years. Any remaining funds will be used to support Locally Operated Transit Systems.

When will businesses have to comply?

Requiring businesses to collect an additional fee will take time for businesses to implement and for the Comptroller's office to establish an administrative structure. In order to ensure that the Comptroller's office and businesses have sufficient time to understand and comply with this new law, as amended, the fees would not go into effect until July 1, 2027.

How do the amendments modify the bill?

The amendments that will be presented to the Committee were developed in collaboration with the Comptroller's office. They are largely technical in nature, adding clarifying language and refining the fee's collection, reporting, and administrative structure to align with other fees collected by the office. There are three substantive clarifications or modifications. The first adds language to accurately reflect the legislative intent that the e-commerce delivery fee not be included in the taxable price and that it be paid by a marketplace facilitator, such as Amazon or Etsy, and not by the marketplace seller, which is the company producing the good. The second is the removal of the minimum annual sales threshold for businesses for the e-commerce delivery fee. This change was implemented to align with the state sales and use tax and simplify the administration of the fee. Finally, the effective date was pushed back to July 1, 2027, to reflect the impact of the Comptroller's time-intensive software modernization effort and allow time for the personal income tax to be transitioned to the new system prior to the implementation of these fees.

[15] "TNC Fee Model Language Report," Transportation Investment Advocacy Center, American Road & Transportation Builders Association, December 2022, https://transportationinvestment.org/wp-content/uploads/2022/12/2022_TNC_-Fee_Model_Language-.pdf

HB1215_Testimony
Uploaded by: Marc Korman
Position: FAV

Marc Korman
Legislative District 16
Montgomery County

Chair
Environment and Transportation Committee

Rules and Executive Nominations Committee

The Maryland House of Delegates
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Marc.Korman@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
Annapolis, Maryland 21401

The Transportation Funding Act of 2024 (HB1215)
Testimony of Delegate Marc Korman – Favorable

Thank you, Madam Chair, Environment and Transportation Committee colleagues, and Economic Matters Committee guests. I come before the committee today to discuss HB 1215, the Transportation Funding Act of 2024. As you all are aware, Maryland's transportation system is facing a funding deficit. I was honored to sit on the Transportation Revenue and Infrastructure Needs Commission over the interim, which, among its many responsibilities, was tasked with evaluating and making recommendations on sustainable, long-term transportation funding options. The Commission has not yet concluded, with a final report due January 1, 2025. However, the need for establishing new sources of transportation funding is more pressing than was understood when the Commission was established. Since then, the Department of Transportation has introduced significant budget cuts and a budget shortfall of $2.8 billion over the next six years. While the Governor's proposed budget minimizes the impact for FY25, the cuts that the Department of Transportation will have to make in future years without changes to their revenue forecast would be devastating for all of our constituents. Next session would be too late to implement new revenue sources and prevent substantial reduction to the state's investment in our transit system, local priorities, and road maintenance and much-needed repairs. Maryland urgently requires new, sustainable sources of revenue to ensure that we can meet our state's transportation needs.

The Transportation Funding Act of 2024 does just that. It establishes two new fees consistent with recent developments in other states that reflect the dramatic shift that our interactions with the transportation network have undergone. First, it introduces a $0.50 fee on purchases made online and delivered to a personal address. While convenient and a true lifeline for many of us during the pandemic, the increased use of trucks for last-mile delivery causes greater stress on local roads, more traffic and congestion, and higher levels of CO_2 emissions. The World Economic Forum estimates that there will be 36% more delivery vehicles on the road in 2030 than there were in 2020, increasing related emissions by nearly one-third and adding an average of 11 minutes to already extensive passenger commutes. Other states have also recognized the need to address the negative impacts of the growing e-commerce delivery system. Colorado enacted an e-commerce delivery fee in 2022, Minnesota's will go into effect on July 1, 2024, and it is under consideration in New York and Washington state. Colorado faced implementation challenges and the legislature has since amended the law, providing us with an opportunity to learn from their experiences and avoid major pitfalls. This fee is intended to mitigate the harm to our transportation network from modern retail, not to overburden businesses. To that end, businesses have the option of either charging the customer directly or paying the fee on their behalf, allowing them to avoid costly and significant software upgrades.

The other fee that this bill establishes is a $0.50 fee on transportation network company trips in internal combustion engine vehicles and a $0.25 fee for trips in an electric vehicle. Transportation network companies, also known as digital dispatch or ride-hailing services, have marketed themselves as a tool to reduce traffic congestion through ridesharing and promote regional transit usage as a first- and last-mile connection. Unfortunately, the opposite proves to be true. Drivers spend significant time on the road without any passengers before and after paid trips, increasing congestion. Research has also found that many ride-hailing trips replace lower-carbon modes of transportation, producing an estimated 69 percent more emissions than the trip it replaces.

Some local jurisdictions here in Maryland, including Annapolis, Baltimore City, Montgomery County, and Ocean City, have implemented a $0.25 fee on TNC trips that originate in their jurisdiction. The fee established in this legislation would be assessed in addition to any local fee, similar to the TNC fee structure established in New York and California. TNCs increase wear and tear and congestion on both state and local roads. This fee structure ensures that both relevant authorities have the resources necessary to address the negative impact of TNCs on their roadways. Furthermore, the maximum total fee in Maryland – $0.75 – is much lower than the $3 charged in Chicago and $2.75 in New York City and likely lower than the average fee paid in jurisdictions such as Hawaii, Rhode Island, Washington, DC, and Wyoming, that charge rates of 4 to 7 percent.

Estimates suggest that in their first year, the e-commerce delivery fee will generate $150 million and the TNC fee will generate $30 million. Revenues will increase annually with inflation, capped at an eight percent increase, to ensure that revenues keep pace with expenditures. Additionally, because the Maryland Department of Transportation bonds off of its revenue, the value of these funds will ultimately be greater than the amount raised. Bond capacity is estimated to increase by $985 million over the first four years of fee collection.

The revenue raised through the fees will be used to directly mitigate the impact of these activities on our local roadways. It will be used for the Maryland Transit Administration's State of Good Repair needs and to support local jurisdictions through Highway User Revenues, the statutory increases for which are not fully funded under the budget for future years. Any remaining funds will be used for Locally Operated Transit System funding, which is also subject to future cuts without changes to the revenue forecast.

In reviewing this legislation with the Comptroller's office, we have put together a set of friendly amendments that will improve the implementation process. They are largely technical in nature, adding clarifying language and refining the fee's collection, reporting, and administrative structure to align with other fees collected by the office. There are three substantive clarifications or modifications. The first adds language to accurately reflect the legislative intent that the e-commerce delivery fee not be included in the taxable price and that it be paid by a marketplace facilitator, such as Amazon or Etsy, and not by the marketplace seller, which is the company producing the good. The second is the removal of the minimum annual sales threshold for businesses for the e-commerce delivery fee. This change was implemented to align with the state sales and use tax and simplify the administration of the fee. Finally, the effective date was pushed back to July 1, 2027, to reflect the impact of the Comptroller's time-intensive software modernization effort and allow time for the personal income tax to be transitioned to the new system prior to the implementation of these fees.

A comprehensive, safe, and functional transportation system is integral to Maryland's efforts to reach our environmental goals and expand our economy. It requires sustained investment in transit, in maintenance and repair of existing infrastructure, and in support to local jurisdictions to ensure they have sufficient resources. Establishing e-commerce delivery and transportation network company fees would create a revenue structure that matches our contemporary usage of the transportation network. I urge a favorable report.

HB 1215_MTBMA_FAV.pdf
Uploaded by: Michael Sakata
Position: FAV

MTBMA
MARYLAND TRANSPORTATION
BUILDERS AND MATERIALS ASSOCIATION

March 1st, 2024

Delegate Marc Korman, Chair
House Environment and Transportation Committee
Room 251, House Office Building
Annapolis, MD 21401

RE: HB 1215 – FAVORABLE – Transportation Financing – Retail Delivery Fee and Transportation Network Company Impact Fee (Transportation Funding Act of 2024)

Dear Chair Korman and Members of the Committee:

The Maryland Transportation Builders and Materials Association ("MTBMA") has been and continues to serve as the voice for Maryland's construction transportation industry since 1932. Our association is comprised of 200 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and advocate for adequate state and federal funding for Maryland's multimodal transportation system.

House Bill 1215, the "Transportation Funding Act of 2024" aims to address the significant transportation funding issues in Maryland by introducing two new fees: the Retail Delivery Fee and the Transportation Network Company (TNC) Impact Fee. The Retail Delivery Fee will be imposed on certain vendors and marketplace facilitators for deliveries within the State, and the TNC Impact Fee will be on passenger trips originating in the State using transportation network companies. The fees will go toward the Transportation Trust Fund (TTF), with any surplus directed to local transit systems.

MTBMA believes HB 1215 represents a vital opportunity to address the critical funding needs of the TTF. The fees outlined in this bill represent an innovative way to diversify revenue streams for the TTF, which will ensure dedicated funding for critical transportation and infrastructure projects throughout Maryland. Furthermore, the allocation of surplus funds to local transit systems underscores a commendable commitment to enhancing accessibility for all Marylanders. This legislation is a pragmatic approach to investing in our State's economic prosperity, public safety, and sustainability.

We appreciate you taking the time to consider our request for a **FAVORABLE** report on HB 1215.

Thank you,

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association

HB1215_BTEC_FAV
Uploaded by: Samuel Jordan
Position: FAV

Testimony in Support of HB 1215

Transportation Funding Act of 2024
March 1, 2024

Committee Chair Korman, Vice-Chair Boyce, and Members of the Environment and Transportation Committee, I am Samuel Jordan, President of the Baltimore Transit Equity Coalition (BTEC). BTEC urges the Committee to issue a favorable report for HB 1215, the Transportation Funding Act of 2024.

HB 1215 is one of a suite of measures to be brought before the Committee to halt the hemorrhage in the state's capacity to meet the challenges of current crises in transportation funding and investment.

BTEC applauds the effort in HB 1215 to generate revenues through increased fees applied to the charges of the transportation network companies (TNCs).

The increase in the fees applied to TNCs when dedicated to debt service on bonds issued by the Maryland Department of Transportation will assist in countering the collapse in the state's fiscal strength.

HB 1215 is compatible with BTEC's proposed Escape Velocity Revenue Generation strategy (EVRG), itself an assertive entry into the General Obligation bond market to secure and retain taxable, $3.0 - $6.5 billion in private sector investments in transit-oriented development (TOD), the hallmark of the revenue generation power of the Red Line light rail transit (LRT) system.

BTEC notes also that the Transportation Equity Act of 2023, contains provisions assuring that the implementation of HB 1215 will not result in disproportionately adverse or discriminatory impacts on TNC riders distinguished by race, color, national origin, income, ability status, and lack of access to cars. We applaud the Chairman's and the Committee's sensitivity to this concern.

BTEC urges the Committee to issue a favorable report for HB 1215.

Thank you. Samuel Jordan <moretransitequity.com>

HB1215_CSG_FAV
Uploaded by: Stewart Schwartz
Position: FAV

Testimony on HB 1275
Transportation Funding Act of 2024
House Environment and Transportation Committee

Date: March 1, 2024
Position: SUPPORT

The Coalition for Smarter Growth (CSG) supports HB1275. Our organization advocates for walkable, bikeable, inclusive, and transit-oriented communities as the most sustainable and equitable way for the Washington, DC region to grow and provide opportunities for all.

Ride hailing and package delivery are important services in our urban and suburban transportation networks. However, we also know that these disproportionately impact our networks, with loading/unloading activities that block curb and travel lanes and idling and air pollution impacts to adjacent uses. The extensive circulation of TNC vehicles in between passenger pickups (on average more than regulated taxis) in urban areas has been shown to increase localized congestion. We believe that assessing additional but reasonable fees on these uses to help support the maintenance of and improvements to the transportation system is an appropriate user fee.

We ask for a favorable report for HB1275 by the committee. Thank you.

Stewart Schwartz
Executive Director

HB 1215_MAA_FAV.pdf
Uploaded by: Tim Smith
Position: FAV

MARYLAND ASPHALT ASSOCIATION
SINCE 1954

March 1st, 2024

Delegate Marc Korman, Chair
House Environment and Transportation Committee
Room 251, House Office Building
Annapolis, MD 21401

RE: HB 1215 – <u>FAVORABLE</u> – Transportation Financing – Retail Delivery Fee and Transportation Network Company Impact Fee (Transportation Funding Act of 2024)

Dear Chair Korman and Members of the Committee:

The Maryland Asphalt Association (MAA) is comprised of 19 producer members representing more than 48 production facilities, 25 contractor members, 25 consulting engineer firms, and 41 other associate members. MAA works proactively with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

House Bill 1215, the "Transportation Funding Act of 2024" aims to address the significant transportation funding issues in Maryland by introducing two new fees: the Retail Delivery Fee and the Transportation Network Company (TNC) Impact Fee. The Retail Delivery Fee will be imposed on certain vendors and marketplace facilitators for deliveries within the State, and the TNC Impact Fee will be on passenger trips originating in the State using transportation network companies. The fees will go toward the Transportation Trust Fund (TTF), with any surplus directed to local transit systems.

MAA believes HB 1215 represents a vital opportunity to address the critical funding needs of the TTF. The fees outlined in this bill represent an innovative way to diversify revenue streams for the TTF, which will ensure dedicated funding for critical transportation and infrastructure projects throughout Maryland. Furthermore, the allocation of surplus funds to local transit systems underscores a commendable commitment to enhancing accessibility for all Marylanders. This legislation is a pragmatic approach to investing in our State's economic prosperity, public safety, and sustainability.

We appreciate you taking the time to consider our request for a **FAVORABLE** report on HB 1215.

Sincerely,

Tim Smith

Tim Smith. P.E.
President
Maryland Asphalt Association

THE MARYLAND ASPHALT ASSOCIATION, INC. | 2408 PEPPERMILL DRIVE, SUITE G, GLEN BURNIE, MARYLAND 21061
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Written Testimony HB 1215 – Transportation Funding
Uploaded by: Matthew Girardi
Position: FWA

Amalgamated Transit Union Local 689

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Keith M. Bullock
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Barry D. Wilson
Recording Secretary
Romoan C. Bruce
First Vice President
Theus R. Jones
Second Vice President

Statement of the Amalgamated Transit Union (ATU) Local 689

HB 1215- Transportation Funding Act of 2024
March 1st, 2024

TO: The Honorable Marc Korman and Members of the Environment and Transportation Committee
FROM: Matthew Girardi, Political & Communications Director, ATU Local 689

ATU Local 689 supports HB 1215 and urges the House Environment and Transportation Committee to issue a favorable report with amendments. This bill is a common sense measure for raising revenue for the State of Maryland and holding rideshare companies accountable.However, we ask a friendly amendment to have surplus funds be transferred instead simply to the Transportation Trust Fund and not go exclusively to LOTS.

At Local 689, we represent over 15,000 transit workers and retirees throughout the Washington DC Metro Area performing many skilled transportation crafts for the Washington Metropolitan Area Transit Authority (WMATA), MetroAccess, DASH, and DC Streetcar among others. Our union helped turn low-wage, exploitative transit jobs into transit careers. We became an engine for the middle-class of this region.

However, as we have seen this year, the Transportation Trust Fund is in urgent need of reinforcement. The drastic proposed cuts to transportation across the state will not go away however, as the Transportation Trust Fund is facing a serious structural deficit that is set to grow. Make no mistake: without action for new revenues, our members are in danger of being repaid for their service through a pandemic and a rise in violence aboard transit with wage freezes and layoffs.

As Governor Moore said in his state of the state address, it is time that we look for new ways to fund transportation. We believe that this bill is one part of that process. Transportation network and retail delivery service companies have largely been allowed to operate while directly undercutting public transportation and exploiting workers in the process.

Local 689 knows that some of our members even drove for companies like Uber and Lyft. Unfortunately, their experiences were all too similar: having to pay for car upkeep, increased insurance costs, and gas prices. Crucially, they also saw decreasing compensation for their trips driven even while fares for the riding public increased. On any given trip, these companies take the majority, if not upwards of 60 percent of the fare, despite drivers being categorized as supposed independent contractors and receiving no benefits.

Local 689 supports HB 1215 because the Union knows that these companies are posing a direct threat to public transit, are overcharging consumers, and underpaying their workers. They have the funds to spare and should be appropriately assessed per trip. However, we believe that surplus exclusively going to LOTS, these funds should simply go into the TTF to shore up vital transportation infrastructure whether it be WMATA, MTA, the purple line, or commuter bus services.

We thank Delegate Korman for introducing this necessary measure and urge the committee to issue a favorable report with amendments.

MD HB 1215 Oppose Delivery Tax.pdf
Uploaded by: Alain Xiong-Calmes
Position: UNF

CHAMBER OF PROGRESS

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

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[1] http://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

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[3] https://www.thebaltimorebanner.com/culture/food-drink/food-desert-grocery-shopping-H3LPOOZDARD6VNVIXSZET5OEUU/
[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
[11] http://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

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[12] https://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

DoorDash Testimony MD Delivery Fee Bill HB 1215 .p
Uploaded by: Chad Horrell
Position: UNF

DOORDASH

February 28, 2024

Delegate Marc Korman, Chair
Environment and Transportation Committee
Maryland General Assembly
Room 251
House Office Building
Annapolis, Maryland 21401

Re: Testimony Regarding House Bill 1215, *Retail Delivery Fee and Transportation Network Company Impact Fee*

Chair Korman and Members of the Committee:

DoorDash appreciates the opportunity to provide testimony regarding House Bill 1215, legislation that would impose a new $.50 tax on delivery orders. We strive to make sure that DoorDash remains accessible and affordable for everyone who uses our platform. We oppose this bill and believe that a new delivery tax is likely to hurt consumers, retailers, and delivery workers.

Delivery fees are highly regressive and likely to hurt Marylanders who can only afford to place lower-value orders.

Due to their flat rate structure, delivery taxes are highly regressive. This means that people who need to place more frequent, low-value orders pay much more tax. As a result, we're concerned that a delivery tax would disproportionately impact lower-income residents that place lower-cost orders more often. The effective tax rate that people pay as a result can be significant. For example, while a person who places a single $100 order pays only $.50 of delivery tax, someone who places ten $10 orders pays $5.00 of delivery tax. This means that lower-income people could end up shouldering an unfair amount of this tax burden.

Delivery taxes are bad for businesses (particularly small businesses) that benefit from delivery.

A new delivery tax means that customers will pay more for the goods they're buying. When prices go up, people buy less. That means businesses will lose order volume and revenue. This could be particularly damaging for restaurants since delivery is an important component of many restaurants' business.

Small businesses have also struggled to adapt to delivery taxes. Many merchants that use DoorDash also accept their own orders for delivery outside of platforms like ours. That means they have to manage compliance independently. In the one state that currently charges a delivery tax, it has been a significant challenge for small businesses to adapt to this new tax framework since the fee doesn't apply to every order they take. Some small businesses in Colorado claimed to have spent more than $100,000 on compliance when a similar tax was passed there.[1] While the

[1] https://www.kktv.com/2022/07/07/new-colorado-retail-delivery-fee-causing-issues-small-businesses/

bill attempts to carve-out some small businesses, the revenue threshold would only exempt the smallest of businesses.

Delivery taxes hurt workers that make extra income using delivery work.

When merchants lose order volume and revenue, they are not the only people that get hurt economically. People who use delivery work on platforms like DoorDash to earn money also have few opportunities to generate extra income. Fewer orders also reduces the flexibility that platforms like DoorDash can offer, as more orders mean more freedom for people to choose when and where to work. Therefore, the trickle down effect of new delivery taxes goes beyond merchants and also hurts workers that benefit from delivery commerce.

Delivery taxes can be confusing for consumers.

The bill requires that when the delivery tax is charged to the consumer, it must appear as a separate line item called the "Road Impact Fee." This is likely to be confusing for customers, who don't understand that they are in fact being charged additional tax on their order, and may mistake this line item for an additional fee charged by the merchant. It also adds further fatigue to customers at checkout who see costs piling on to their order. By adding new taxes and charging them in this manner, HB 1215 could be particularly damaging to business' delivery sales.

Delivery fees, by their nature, end up taxing items that should be tax exempt.

Because they are applied at a flat rate on a per order basis, delivery fees are a blunt taxation instrument. While HB 1215 attempts to limit the delivery tax to items that are subject to sales tax, many orders are not so neatly divided. For example, a grocery order might contain a wide range of items, most of which are tax-exempt, but some of which are not. Someone might place their weekly grocery order consisting of tax-exempt food or medicines, but trigger the fee by adding something as simple as a bottle of soap. While the state's sales tax rules have been carefully crafted and refined to exclude certain items from tax, delivery fees are inherently less flexible and inevitably will override those thoughtful tax policy choices.

As a result, people who rely on delivery for necessities - for example, those with physical impairments or other mobility or transportation limitations - can also get disproportionately hurt by delivery taxes. Some populations need delivery services to get the basic goods they need. And as demonstrated above, it's easy to still get hit by the fee even when ordering items that most people would consider essentials.

Delivery taxes are a bad policy mechanism to address transportation issues.

Nearly every form of retail commerce generates impacts to the road system. When people drive to stores to shop or pick-up items, dine-out at their favorite restaurants, or pick-up groceries for dinner, they are traveling to get to these destinations. Placing new taxes on only delivery transactions just doesn't make sense given this reality. The inflexible nature of delivery taxes also provide poor incentives. While companies like DoorDash leverage their logistics capabilities to improve efficiency and reduce the miles traveled and road impacts by batching orders or assigning orders to low-impact vehicles like bikes, the fee still applies. On the whole, the fee doesn’t encourage companies to reduce road impacts, and arbitrarily picks some types of trips to tax more heavily.

Thank you again for hearing our perspectives on this bill.

Sincerely,
Chad Horrell
DoorDash

HB1215_UNF_MTC_Trans. Fin. - Retail Delivery Fee &

Uploaded by: Drew Vetter

Position: UNF

TO:	The Honorable Marc Korman, Chair The Honorable C.T. Wilson, Chair Members, House Environment and Transportation Committee Members, House Economic Matters Committee
FROM:	Andrew G. Vetter Pamela Metz Kasemeyer J. Steven Wise Danna L. Kauffman Christine K. Krone 410-244-7000
DATE:	March 1, 2024
RE:	**OPPOSE** – House Bill 1215 – *Transportation Financing – Retail Delivery Fee and Transportation Network Company Impact Fee (Transportation Funding Act of 2024)*

The Maryland Tech Council (MTC) submits this letter of **opposition** for *House Bill 1215: Transportation Financing – Retail Delivery Fee and Transportation Network Company Impact Fee (Transportation Funding Act of 2024)*. We are a community of nearly 800 Maryland member companies that span the full range of the technology sector. Our vision is to propel Maryland to become the number one innovation economy for life sciences and technology in the nation. We bring our members together and build Maryland's innovation economy through advocacy, networking, and education.

This bill creates a Retail Delivery Fee of 50 cents on each retail delivery transaction a vendor or marketplace facilitator makes in Maryland. The fee applies to vendors that make retail sales totaling $500,000 per year, or a marketplace facilitator that facilitated retail sales of $100,000 or more. The primary lens through which the MTC views policy and tax proposals is competitiveness. Many of our members feel as though Maryland is already a difficult and expensive place to do business and for employees to live, especially compared to surrounding states. If passed, this delivery fee will be perceived by the business community as another competitive disadvantage, as surrounding states do not impose such a fee. We are concerned that the fee is regressive in nature, thus making it more likely to be viewed unfavorably and contributing to the perception that Maryland is not economically competitive. We are also concerned that the fee would have a detrimental impact on small business, as the $500,000 threshold is fairly low and would include many small businesses. In order to grow and build Maryland's innovation economy, it is key that policymakers intentionally work to position Maryland as a favorable place for businesses to locate and for employees to live. The Retail Delivery Fee hurts consumers and contributes to a perception that Maryland is not competitive. For these reasons, we request an unfavorable report.

HB1215_Lyft_UNF
Uploaded by: Eleise Richards
Position: UNF

House Environment and Transportation Committee
Testimony of Lyft, Inc. in Opposition to HB 1215
Submitted on behalf of Lyft, Inc. by Eleise Richards, Public Policy Manager
March 1st, 2024, 1:00 PM EST, House Office Building, Room 250

Esteemed members of the Committee:

Thank you for the opportunity to share our perspective and contribute to this important discussion on HB 1215. Lyft is a multimodal transportation network company that operates across the country including Maryland. Though we support and recognize the critical need for municipalities to fund transportation projects in their communities, we cannot support the adverse impacts this fee would have on both riders and drivers throughout the state.

Rideshare has become an integral part of modern transportation, providing convenient and affordable options for individuals to travel safely from point A to point B. Not everyone has easy access to transportation and taxing rideshare rides will hurt the most vulnerable people living in underserved areas—this includes low-income residents, seniors on fixed income, and communities of color who make up 84% of our rider demographic in Maryland and could lose access to affordable, reliable rides if this bill passes. Rideshare also offers a responsible alternative to driving impaired and increasing the cost of each ride can lead someone to choose to drive themselves after drinking. Now is not the time to make it harder for people to get around their communities.

Furthermore, rideshare drivers, who are already facing numerous challenges, rely on ridesharing as a source of income and would be adversely affected by the decreased demand that results from an increase in fees. Driving with Lyft has become an important source of supplemental income for many residents—who are parents, retirees, and others trying to make ends meet. During these difficult times, we need to protect earning opportunities.

Lyft rides are already taxed locally at $0.25 per ride for every trip taken. In addition to this bill, there is also a bill (SB 505) proposing an additional tax increase that would double what riders are already paying and there is a proposed increase on pick up and drop off fees at Baltimore/Washington International Thurgood Marshall Airport. These three additional surcharges would impose multiple levels of taxation that we believe is unfair for riders and we cannot support asking riders to pay three different taxes for the same trip. With multiple active bills proposing increases in fees, the accessibility and affordability of rideshare services would be severely compromised.

In conclusion, I respectfully urge you to oppose Maryland House Bill 1215 and any other legislation that seeks to increase fees on rideshare services. It is crucial to prioritize the needs of Maryland residents and rideshare workers while finding sustainable solutions that promote accessibility, affordability, and fairness within the transportation sector.

Thank you for considering my concerns.

Sincerely,

Eleise Richards
Lyft Public Policy Manager, Mid-Atlantic Region

Testimony Opposed to HB 1215 - Mayor Buckley.pdf
Uploaded by: Gavin Buckley
Position: UNF

Office of the Mayor
Gavin Buckley

160 Duke of Gloucester
Annapolis, MD 21401

February 28, 2024

Maryland House of Delegates
Environment and Transportation Committee
Maryland State Senate
Annapolis, MD 21402

<u>Letter in OPPOSITION to HB 1215: Retail Delivery Fee and Transportation Network Company Impact Fee (March 1 Committee Hearing)</u>

Dear Members of the Environment and Transportation Committee,

I am writing to you today in opposition of House Bill 1215, the proposed delivery service impact fee on restaurant and retail deliveries. As Mayor of the City of Annapolis, I know many of these are small business operations who play a critical role in the City's tourism and business economy.

The result of HB 1215, if implemented, would mean higher costs to restaurants, retail establishments and, in the end, consumers. As an industry, restaurants and retail establishments have suffered greatly in the past few years, first with the challenges of COVID, then the financial impacts of supply chain and, lastly, inflation. Layering on additional impact fees will mean restaurants will have to set higher menu prices on delivery items to cover the cost of doing business. Please note that delivery costs and impact fees are not typically calculated into regular consumer pricing. Raising these fees can seriously impact a small business's profit and loss.

In addition, impact fees ultimately affect consumers, who may move away from the convenience of delivery because they are priced out of that option. In Annapolis, much of our retail and restaurant economy relies on small businesses who realize how fickle the public can be when it comes to cost.

I urge you to consider these dynamics to local businesses and families as you weight your vote on HB 1215. **<u>I strongly urge a "no" vote on this legislation.</u>**

Thank you for your time and consideration.

Warmest Regards,

Mayor Gavin Buckley
City of Annapolis

Greater Prince George's Business Roundtable Testim
Uploaded by: James Estepp
Position: UNF

GREATER PRINCE GEORGE'S
BUSINESS
ROUNDTABLE

10201 MARTIN LUTHER KING, JR. HIGHWAY., SUITE 220 ▲ BOWIE, MD 20720
301.860.0809 PHONE ▲ 301.860.1449 FAX ▲ WWW.BIZROUNDTABLE.ORG

M.H. JIM ESTEPP
President & CEO

February, 2024

Chairman Korman, Committee Members:

I am writing to you today in opposition to House Bill 1215, the proposed delivery service fee bill.

As the pinnacle advocate for the business community in Prince George's County, we feel the proposed bill would deeply affect consumers and our members with fees that will hurt industry and affect our members ability to stabilize on the heels of COVID-19. Outside of the impact on the business community here in Prince George's and across the state, we see this as a regressive tax that will deeply affect working families, increasingly shrinking their bottom lines.

Many families rely on these services to have prescriptions and groceries delivered to their homes, to use ride share services for work and appointments and to leverage food delivery services for dinner. Lower-income and fixed-income families that already face across-the-board rising costs of living will bear the brunt of this fee. Seniors are already some of the most vulnerable constituents in our state and cannot face increased costs on basic services. While we understand the need for transportation funding in the state, we do not believe the burden should be transferred to Maryland's working families.

Thank you for your consideration.

[MD] HB 1215 TNC fee cap_TechNet_pdf.pdf

Uploaded by: margaret durkin

Position: UNF

TECHNET
THE VOICE OF THE INNOVATION ECONOMY

TechNet Mid-Atlantic | Telephone 717.585.8622
www.technet.org | @TechNetMidAtla1

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
THE VOICE OF THE
INNOVATION ECONOMY

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.

TECHNET
THE VOICE OF THE INNOVATION ECONOMY

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

HB1215_Restaurant Assoc_UNF
Uploaded by: Melvin Thompson
Position: UNF

RESTAURANT ASSOCIATION MARYLAND

House Bill 1215
Transportation Financing - Retail Delivery Fee and Transportation Network Company Impact Fee

March 1, 2024

Position: **OPPOSE**

Mr. Chairman and Members of the Environment and Transportation Committee:

The *Restaurant Association of Maryland* opposes HB 1215, which would impose a new retail delivery and transportation network fee similar to sales and use tax. We are concerned about the potential negative impact on restaurant delivery, which has become a significant portion of restaurant sales since the COVID pandemic.

The restaurant/foodservice industry continues to struggle to recover from the pandemic amid inflation, increased operating and labor costs, and reduced customer traffic as many office employees continue to work remotely. Soaring costs have forced many of our restaurant operators to increase menu prices to maintain profitablilty. These necessary price increases have also contributed to a decrease in customer traffic for many restaurants. Proposals that increase taxes and fees on restaurant delivery will only exacerbate the challenges for our industry.

For restaurants that work with third-party delivery partners, the additional fee/tax imposed by this bill will increase the cost of restaurant delivery meals for customers who use these platforms. For restaurants located in less-populated areas of the state where third-party delivery may not be available, the proposed fee/tax would apply to restaurants that provide local delivery service to customers.

The proposed fee/tax will disproportionately impact small businesses, most of which have annual retail sales revenue that exceeds the low $500,000 exemption threshold in this legislation. From what we understand, only Colorado and Minnesota have enacted similar laws and small businesses there are struggling to comply and explain it to their customers.

Because this proposed fee/tax is in addition to sales tax, it is regressive because it will increase meal delivery costs for customers with lower and fixed incomes who patronize affordable restaurants in their communities.

This proposal is poor public policy that puts our small businesses in a difficult position of explaining why customers must pay more for delivery that uses the same roads that customers would travel if they were able to dine in or pick up their food. In this case, the rationale for the bill makes no sense.

For these reasons, we strongly oppose this legislation and request an unfavorable report.

Sincerely,

Melvin R. Thompson

Melvin R. Thompson
Senior Vice President

3.1.24 Testimony on HB1215 (Uber FINAL).pdf
Uploaded by: Michele Blackwell
Position: UNF

Environment and Transportation Committee
Delegate Marc Korman, Chair
Delegate Regina T. Boyce, Vice Chair
Friday, March 1, 2024

Written Testimony for Uber Technologies, Inc. on HB1215

In recent years, consumers have grappled with historically high inflation. The increase in costs have impacted families all across the country, including in Maryland. While some costs have started to decline, a recent report shows that inflation numbers have not slowed at anticipated rates. Because of this, it is important to consider the impact new fees will have on consumers as they go about their everyday lives.

As written, House Bill 1215 would place a 50-cent fee on every rideshare trip and a 50-cent fee on every retail delivery made in the state. While the goal of the bill is to help fund much-needed transportation projects, these fees will likely have unintended consequences, such as making critical services more expensive for residents who need them. Uber opposes this bill because: (1) there are currently three proposals which have the potential to substantially increase the costs of rides and delivery orders in Maryland; and (2) high inflation is impacting consumers throughout the state and increased fees could have unintended consequences for the drivers and delivery people who rely on the Uber platform to earn supplemental income, as well as for consumers who are already struggling with affordability.

As previously mentioned, the state is currently considering 3 proposed increased fees on rideshare platforms just this year. The first increase is on trips taken to and from Baltimore/Washington International Thurgood Marshall Airport. Starting in February, airport riders saw a 40-percent increase in their trip fee, from $2.50 to $3.50. Additionally, the General Assembly is considering SB0505 and HB1133, which would allow counties to increase their TNC per trip fee from 25-cents to 50-cents. While these fees alone may seem insignificant, those proposals–in addition to this one–would mean that Marylanders could see an additional $1 to $2 added to every trip before a ride is even requested. And, these increases would come at a time when consumers are already facing high costs.

A final important consideration for the Committee is the adverse impact increased fees can have on those who use the Uber platform to earn supplemental income. If riders choose to reduce the number of trips they take due to higher prices, or users choose to order less, that could lead to drivers and delivery people seeing a reduction in demand, as well as a corresponding reduction in their earnings. For these aforementioned reasons, Uber opposes House Bill 1215 and asks the Committee to reject this proposal.

HB1215_NFIB_unf (2024).pdf
Uploaded by: Mike O'Halloran
Position: UNF

NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: House Environment & Transportation an Economic Matters Committees

FROM: NFIB – Maryland

DATE: February 29, 2024

RE: **OPPOSE HOUSE BILL 1215** – Transportation Financing – Retail Delivery Fee and Transportation Network Company Impact Fee

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America's small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland's small businesses, NFIB-Maryland respectfully opposes House Bill 1215 – legislation creating a retail delivery fee.

This legislation will add costs to small businesses – whether they are customers or transporters.

For vendors, HB1215 creates new recordkeeping and reporting requirements in addition to the collection and remitting of the fee created by this bill. For consumers, the fee contained in HB1215 is tied to the Consumer Price Index (CPI) which means there is no cap and no legislative oversight. It would take legislation to change or reduce the fee once enacted.

Currently, the state's Transportation Revenue and Infrastructure Needs (TRAIN) Commission is in the midst of its two-year process "to review, evaluate, and make recommendations on the prioritization and funding of transportation projects." HB1215 was not a part of the Commission's interim report.

For these reasons **NFIB opposes HB1215** and requests an unfavorable committee report.

HB1215_UNF_MSLBA_Trans. Fin. - Retail Delivery Fee
Uploaded by: Steve Wise
Position: UNF

MARYLAND STATE
LICENSED BEVERAGE ASSOCIATION
150 E Main Street, Suite 104, Westminster, MD 21157

TO: The Honorable Marc Korman, Chair
The Honorable C.T. Wilson, Chair
Members, House Environment and Transportation Committee
Members, House Economic Matters Committee

FROM: J. Steven Wise
Pamela Metz Kasemeyer
Danna L. Kauffman
Andrew G. Vetter

DATE: March 1, 2024

RE: **OPPOSE** – House Bill 1215 – *Transportation Financing – Retail Delivery Fee and Transportation Network Company Impact Fee (Transportation Funding Act of 2024)*

The Maryland State Licensed Beverage Association (MSLBA), which consists of approximately 800 Maryland businesses holding alcoholic beverage licenses (restaurants, bars, taverns, and package stores), **opposes** House Bill 1215.

House Bill 1215 would impose a tax on a vendor that makes retail sales of $500,000 or more and delivers tangible personal property to a person in the State as part of a sale. Applying the definitions of "tangible personal property" used in the bill as well as the context of the legislation, alcoholic beverages fall within its scope. Further, licensed alcoholic beverage retailers are permitted to make deliveries in the State upon receiving special permission from their local liquor board. Accordingly, alcoholic beverage deliveries by licensed retailers fall within the scope of this bill.

Alcoholic beverages are already taxed in two ways by the State. First, an excise tax is imposed at the wholesale level. Second, a 9% sales tax is applied to alcoholic beverages, which is already higher than the standard 6% sales tax, after the excise tax is applied. Legislation is pending to raise the sales tax even further to 10% (see House Bill 1072). Given that two separate taxes specific to alcohol are already applied to its retail sale, MSLBA does not believe that further taxes on alcoholic beverages are appropriate.

For these reasons, MSLBA urges the Committee to give this legislation an unfavorable report.

For more information call:
J. Steven Wise
Pamela Metz Kasemeyer
Danna L. Kauffman
Andrew G. Vetter
410-244-7000

HB1215_Lierman_INFO
Uploaded by: Brooke Lierman
Position: INFO

Letter of Information – House Bill 1215 – Transportation Financing – Retail Delivery Fee and Transportation Network Company Impact Fee

Environment and Transportation Committee
February 29, 2024

We thank Delegate Korman for putting forward this bill focused on funding transportation needs through the imposition of fees on retail deliveries and transportation network companies. This is an important initiative, and the collection of these fees will provide a steady stream of revenue that can be used to improve the state's transportation systems.

We appreciate Delegate Korman's willingness to meet with our office and work through various amendments and proposed changes to this legislation to address some of our operational challenges. We are confident that the bill will have a positive impact on the state's economy, environment, and overall quality of life.

In order to best operationalize this legislation, the Office of the Comptroller is offering five technical considerations:

1. (Page 5 of the bill): In **18-101(c)(1)** it states that "retail delivery means…Tangible Personal Property purchased by a person located in the state." This definition creates an ambiguity around if a retail delivery is also defined as a purchase made by someone outside of the state and shipped into the state. If the intention is for the retail delivery fee to be applicable in that instance, then we suggest adding clarifying language to section 18-101(c)(1).

2. (Page 8 of the bill): In **18.8-104** it states: "THE RETAIL DELIVERY FEE DOES NOT APPLY TO THE SALE OR PURCHASE OF TANGIBLE PERSONAL PROPERTY THAT IS EXEMPT FROM THE SALES AND USE TAX."

    a) In addition to the sales and use tax exemptions in Tax-General Article Title 11, Subtitle 2, there are exclusions from the sales and use tax that arise from the definitions in TG §11-101. The most notable of these is that sales for resale are excluded from the definition of a retail sale so as to avoid the pyramiding of tax.
    b) Is it the intent of the sponsors that sales or purchases of tangible personal property that are excluded from the sales and use tax should not be subject to the retail delivery fee, or should that be strictly limited to the item exempt from the sales and use tax? If the former, in order to remove ambiguity, we propose the language of 18.8-104 be amended to read:

THE RETAIL DELIVERY FEE DOES NOT APPLY TO THE SALE OR PURCHASE OF TANGIBLE PERSONAL PROPERTY THAT IS EXEMPT FROM THE SALES AND USE TAX **OR EXCLUDED**."

3. Language should be added to the bill to clarify if it is the intent of the sponsor that a vendor or marketplace facilitator be eligible for a collection discount (for example, it's up to $500 for SUT if they report and remit timely) against the Retail Delivery Fee.

4. Language should be added to the bill to clarify if it is the intent of the sponsor that a transportation network company be eligible for a collection discount for the transportation network company impact fee for remitting and reporting in a timely manner.

5. (Page 7, line 9): We appreciate the language added that states "A VENDOR OR MARKETPLACE FACILITATOR SHALL EITHER COLLECT THE RETAIL DELIVERY FEE FROM A BUYER OR PAY THE RETAIL DELIVERY FEE ON BEHALF OF A BUYER." We read this to mean there is no option or obligation for a marketplace seller to collect and remit the tax.

    a) For further clarification, we recommend adding language similar to that in 11-403.1(a)(2) to read "A Marketplace seller is not required to collect the applicable sales and use tax…"

Again, we are thankful the sponsor of this legislation has been open to ongoing conversations with our office to ensure we are able to implement this bill as intended. We are committed to providing answers to the sponsor and the committee should any questions arise.

As always, the Comptroller's Office remains committed to supporting initiatives that benefit the community and look forward to working with you on this matter. Please contact Justin Hayes, Director of State Affairs at jhayes@marylandtaxes.gov or 410-260-7696, with any questions.

HB 1215_MDCC_Transportation Funding Act of 2024_In
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MARYLAND
Chamber of Commerce

LEGISLATIVE POSITION:
LETTER OF INFORMATION
House Bill 1215
Transportation Financing - Retail Delivery Fee and Transportation Network Company Impact Fee (Transportation Funding Act of 2024)
House Environment and Transportation Committee
Friday, March 1, 2024

Dear Chairman Korman and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and recovery for Maryland businesses, employees, and families.

House Bill 1215 would impose a new retail delivery tax of $.50 on each retail delivery transaction a vendor or marketplace facilitator makes in Maryland.

The Maryland Commission on Transportation Revenue and Infrastructure Needs was established to review, evaluate and make recommendations on sustainable funding sources of the Maryland Transportation Trust Fund (TTF). The Commission's final report is due January 1, 2025. The Chamber urges the committee to not proceed with legislation aimed at providing more funding to the TTF until the Commission has completed its work. While we agree that the TTF is in need of sustainable funding sources, we believe that it is too early to decide what those funding sources should be.

There is also concern over imposing taxes on deliveries, as they could harm the most vulnerable Marylanders, including low-income families, elderly and disabled communities, and residents of food deserts who depend on delivery services for access to groceries, medication and more.

We appreciate your consideration of these comments on **HB 1215**.

HB1215-ET_MACo_LOI.pdf
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Position: INFO

House Bill 1215

Transportation Financing - Retail Delivery Fee and Transportation Network Company Impact Fee (Transportation Funding Act of 2024)

MACo Position:

LETTER OF INFORMATION

Date: March 1, 2024

To: Environment and Transportation and Economic Matters Committees

From: Kevin Kinnally

The Maryland Association of Counties (MACo) takes no position on HB 1215, but raises the following issues for the Committee's consideration on the policy matters raised by this bill.

This bill presents a mechanism to address a multi-billion-dollar budget shortfall in the State's consolidated Transportation Trust Fund. While the Governor has announced a one-time infusion from the State general fund to maintain services for the coming year, a plan to scale back spending in future years − including a step backward on the share of state-levied taxes dedicated to local transportation needs − remains before the legislature.

In Maryland, local governments have no authority to levy their own transportation revenues – counties and municipalities depend entirely on a share of State-levied revenues to support safety and maintenance work on local roads and bridges across the state. For decades, the State supported a balanced means to maintain its transportation infrastructure. The bulk of transportation revenues – mainly motor fuel and vehicle titling taxes – have been split between the State (for its consolidated Transportation Trust Fund, serving multiple modes) and local governments (who own and maintain roughly five of every six road miles across the state).

The State faced a mid-year budget crisis during the depths of the "Great Recession" in 2009. In turn, the Board of Public Works adopted a 90% reduction of the local distributions of these Highway User Revenues and a roughly 40% reduction to Baltimore City's allocation (the largest by far to any jurisdiction). Since then, recession-driven cutbacks have been fully or primarily restored in many service areas. This is not the case with Highway User Revenues – they remain far behind historic levels, even after the State has since enacted a substantial transportation revenue increase.

The $396 million in the proposed budget plan for FY 2025 remains far short of Maryland's proper and historic funding levels, even on a simple dollar-to-dollar basis. Accounting for road maintenance and materials costs would expand this gap even further. County leaders urge state policymakers to resist these deep cuts and advance a sustainable solution to address these infrastructure needs across the state. In advancing such a plan, a proper restoration of the Highway User Revenues formula should itself be a priority to create sensible and reliable support for all locally maintained roadways.