



THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

Delegate Vanessa Atterbeary
Chairman

House Ways and Means Committee, February 23, 2024

HB955- Motor Fuel Tax Rates-Consumer Price Index Adjustment-Repeal

Favorable

Good afternoon, Chairman Atterbeary, and Members of the Committee:

Support Testimony for HB 955: Decoupling the Gas Tax from CPI

It is imperative to understand the direct impact of the current gas tax mechanism on the residents of Maryland. With the gas tax tethered to the CPI, we have an automatic escalation in gas prices, an increase not subjected to a vote. The gas already stands at 47 cents per gallon— with another increase coming this July.

The continuous climb of inflation compounds this burden, eroding the purchasing power of every Marylander. For many families, travel by car is not a luxury; it is necessary for work, school, and daily chores. Thus, this automatic tax increment directly undermines the economic well-being of our citizens.

Implications for Maryland Businesses

Moreover, the repercussions of an auto-adjusting gas tax extend to the business domain, small businesses, and the transportation sector, which are foundational to our state's economy. Increased operational costs due to higher fuel taxes can stifle growth, inhibit expansion, and, at worst, lead to layoffs or shutdowns. In an era where businesses are grappling with multifaceted challenges, we must foster an environment where they can thrive, not burden them further with unchecked tax increases.

Decoupling the gas tax from the CPI is also a decision towards greater transparency and accountability. Automatic tax increases, not subject to annual legislative review or approval, create a disconnect between the government and its citizens. By scrutinizing and voting on tax adjustments, we adhere to a democratic process, ensuring that any such changes are made with full consideration of their impact on Marylanders.

In essence, HB 955 touches upon the fundamental values of fairness, accountability, and the welfare of our constituents. The decoupling proposed by this bill reintroduces a measure of control and predictability into a system currently governed by the variances of inflation—a factor beyond our immediate influence. I ask the committee for a Favorable report on HB955.