



MARYLAND
Chamber of Commerce

LEGISLATIVE POSITION:

Unfavorable

House Bill 846–Transportation Access and Revenue Act

Ways and Means Committee

Tuesday, February 18, 2025

Dear Chair Atterbeary 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 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

House Bill 846 (HB 846) would expand Maryland's sales and use tax to include certain transportation-related services, which would be taxed the 6% rate. This additional revenue would be distributed to the Transportation Trust Fund (TTF), however HB 846 prohibits funds from being distributed to the Gasoline and Motor Vehicle Revenue Account in the TTF.

The Chamber has significant concerns about the bill's negative impact on businesses in the state. We are worried about the ability of some businesses, like courier services, to effectively collect sales tax through their systems, adding unnecessary complexity and cost. Courier services, vital for e-commerce and local commerce, will face significant challenges in collecting and remitting sales tax due to varying pricing models.

Additionally, applying the 6% sales and use tax to auto repairs and maintenance will directly raise the cost of maintaining fleets for businesses across the state. A company with a fleet of vehicles will see a significant increase in costs simply to maintain its operations, resulting in higher costs passed onto consumers. Not only will it increase operational costs for businesses, but it will result in higher auto insurance premiums as it would drive up the overall cost of claims for insurers, resulting in increased premiums. This is especially impactful as repair costs, including labor, are a significant part of insurance claims.

Further complicating matters is the bill's impact on air transportation services, which could have unintended consequences for Maryland's major airport – BWI. BWI, as a hub for both domestic and international travel, is crucial to Maryland's economy, supporting thousands of jobs and contributing significantly to the state's tourism and business sectors. Imposing a sales tax on air transportation services may discourage both passenger and cargo air travel.

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60 West Street, Suite 100, Annapolis 21401 | 410-269-0642

HB 846 also dictates how the revenue from the expanded tax is allocated and spent. It prohibits any revenue from going into the TTF's Gasoline and Motor Vehicle Revenue Account. This bill not only expands the tax base but sets a troubling precedent by directing where the revenue must be allocated. By doing so, HB 846 undermines the flexibility and integrity of the TTF, which supports critical infrastructure projects across the state, including roads, bridges, and maintenance of our transportation system. Most taxpayers are road users who rely on well-maintained infrastructure. Forcing businesses and residents that depend on vehicles to contribute to the fund, yet excluding their ability to benefit from road improvements, is not only unfair but counterproductive. This proposal disregards the needs of those who would be subject to this expanded tax by diverting funds away from vital transportation infrastructure projects that are essential for the movement of goods and services.

Finally, we are concerned this bill could be the beginning of a larger trend toward broader sales tax expansions. The bill includes business-to-business transactions, and we are concerned that more services could be subjected to similar taxation in the future, creating an unpredictable and unfavorable regulatory environment.

For these reasons, the Maryland Chamber of Commerce respectfully requests an unfavorable report on **HB 846**.

