

Maryland Motor Truck Association



NOTHING WITHOUT
TRUCKING

HEARING DATE: February 18, 2025

BILL NO/TITLE: House Bill 846: Transportation Access and Revenue Act

COMMITTEE: Ways & Means

POSITION: Oppose

Maryland Motor Truck Association (MMTA) urges an unfavorable report on House Bill 846, which would expand the state's 6% sales tax to various "transportation-related" services.

MMTA believes the passage of this legislation will substantially drive-up costs given its inclusion of courier services, air transportation, towing, and automotive repair and maintenance, among others. The freight transportation system is a complex network of roads, rail, waterways, and air transport. A single product may find itself shipped via multiple transportation modes. It is simply impossible to apply sales tax on air transportation and courier services (which include parcel and package deliveries) without significantly increasing transportation costs for many products.

The growth of e-commerce also opens up numerous issues/questions:

- The U.S. Postal Service, which handles an enormous number of parcel deliveries, would be exempt from the sales tax on courier services. This gives the USPS a competitive advantage against private companies that employ hundreds of thousands of workers.
- If a shipment originates in Maryland, but the parcel delivery is to another state, is the tax collectable?
- If a shipment originates in another state, but is delivered into Maryland and delivered via parcel, is the tax collectable?
- For interstate shipments, is the tax only collected on the cost of the delivery that occurred in Maryland?
- How are subscription services that include courier delivery treated?

If enacted Maryland would become the first state in the country to impose sales tax on interstate transportation as numerous products shipped via courier service either originated in another state or are bound for another state. There is strong potential for Federal preemption as **Congress has repeatedly made clear that interstate commerce such as truck transportation cannot be regulated by the states.**

The inclusion of automotive repair and maintenance services also raises numerous questions and concerns as this will drive up costs not only on routine maintenance, but also on post-accident work that is frequently covered by a motor carrier's insurance policy. Inevitably insurance premiums will rise because of the new 6% sales tax on vehicle repairs. Additionally, many motor carriers lease trucks with maintenance included as part of the contract. It is unclear how these lease agreements may be impacted.

Lastly, MMTA is concerned over the precedent that would be established under this legislation by the prohibition against distributing new monies to the Gasoline and Motor Vehicle Revenue Account in the Transportation Trust Fund. HB846 expands the tax base – primarily on motor vehicles – but specifically directs that the revenue cannot be allocated towards road and highway projects. This prohibition contradicts the basis of funding for Maryland's entire transportation system, whereby the TTF gives the Maryland Department of Transportation a flexible funding source to meet our state's various transportation needs.

For the reasons noted above, Maryland Motor Truck Association asks for an unfavorable report.

About Maryland Motor Truck Association: Maryland Motor Truck Association is a non-profit trade association that has represented the trucking industry since 1935. In service to its 1000 members, MMTA is committed to support, advocate and educate for a safe, efficient and profitable trucking industry in Maryland.

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