



February 14, 2025

The Honorable Vanessa E. Atterbeary, Chair  
130 Taylor House Office Building  
Annapolis, Maryland 21401

**Favorable w Amendments: HB 846 – Transportation Revenue Act**

Dear Chair, Atterbeary and Committee Members:

The NAIOP Maryland Chapters represent approximately seven hundred companies involved in all aspects of commercial, industrial, and mixed-use real estate. On behalf of our member companies, I am writing to request your favorable with amendments report on HB 846 which would expand the sales tax to construction equipment and equipment rental services.

Applying the sales tax to rental and leasing of construction equipment could result in the pyramiding of sales taxes as land development and utility contractors, specialty subcontractors and general contractors pay the tax on heavy equipment and lighter tools. As these taxes are embedded in invoices and handed upstream from subcontractors to contractors, to the general contractor and eventually to the developer, production costs will inflate the face value of the tax.

These kinds of inputs to construction are usually not taxed for a number of reasons including that the final product is subject to real estate, transfer, and recordation tax.

The land development and construction entitlement process also usually assess transportation fees and / or requires upgrades to state highways and local roads as a condition of permit approval.

Finally, we would point out to the committee that rented or leased construction equipment like backhoe diggers, bulldozers, cranes are off road vehicles that make limited use of the transportation system.

For these reasons we would recommend construction equipment and equipment rental services be removed from the scope of the bill.

**For these reasons, NAIOP respectfully requests your favorable with amendments report on HB 846.**

Sincerely,

Tom Ballentine, Vice President for Policy  
NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Ways and Means Committee Members  
Nick Manis – Manis, Canning Assoc.