



**HEARING DATE:** January 28, 2025

**BILL NO/TITLE:** HB167: Vehicle Excise Tax - Rate Increase

**COMMITTEE:** House Ways & Means

**POSITION:** **Oppose**

Maryland Motor Truck Association (MMTA) respectfully opposes HB167, which would increase the motor vehicle excise tax from 6 to 6.75%.

While MMTA understands the need to continue generating transportation revenues, the proposed change overlooks recent increases already being absorbed by the motor carrier industry. For example:

- Vehicle registration fees that were partially increased in 2024 and will continue to be phased in this year.
- Continued escalation of the motor fuel tax rate, which has risen nearly 100% on diesel fuel since 2013. At that time the motor fuel tax on diesel fuel was 24.25 cents per gallon. Today it is 46.85 cents per gallon.

Our industry is now faced not only with a proposal to increase the excise tax, but also one that would remove the trade difference allowance before calculating the amount of tax owed. We are also concerned that the proposed increase would make us non-competitive with our neighboring states in Pennsylvania (6%) and Virginia (4.15%) as we compete for regional freight deliveries.

Motor vehicle excise tax collections continue to rise. Except during the 2020 COVID year, revenues have gone up every year since 2014 and are projected to continue increasing every year through 2029. This is largely driven by the rising cost of motor vehicles, which serves as a natural escalator without the need to raise the tax rate. The excise tax is now the second largest source of revenues paid by Marylanders into the Transportation Trust Fund, born exclusively by motor vehicle owners. To continue growing transportation funds, MMTA encourages a broader based solution rather than continuing to rely almost exclusively on contributions from motor vehicles.

For the reasons noted above, MMTA respectfully 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 1,000 members, MMTA is committed to support, advocate and educate for a safe, efficient and profitable trucking industry in Maryland.

**For further information, contact:** Louis Campion, (c) 443-623-5663