

## Against Higher Excise takes for Automobile Purchase HB0167 and Its Senate Complimentary Bill

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I am a retired federal macro economist that lives in Maryland. I have been a registered democrat my entire time as a voter and have lived in the state for over 30 years. I vote strongly for the democratic party in national elections but I have become an independent voter at the state and local level as I have been disappointed with the high rate of increases in real state spending and increases in Maryland taxes either through direct higher tax rates or failing meaningfully to adjust the Maryland tax code to inflation. The data indicates that this is significantly leading to an exodus of seniors and upper middle and higher income earners from the state As shown in the Atlas Van Lines Movers Survey <https://www.unitedvanlines.com/newsroom/movers-study-2023>

Maryland politicians have been raising our taxes both explicitly and implicitly for years and it has made Maryland a noncompetitive state from a tax stand point relative to most of its neighboring states. Higher excise taxes on automobile sales will make this situation worse and make automotive purchase purchases even more expensive and further raise the cost of living in the state Maryland, already a high cost of living state. . This bill will raise the cost of purchasing vehicles and making it even harder for families and individuals to afford necessary transportation. This is especially negative for low and middle class Marylanders and retirees.

Kiplinger rates Maryland has the 5th highest state in terms of the percentage of income spent on state and local taxes by median income earners <https://www.kiplinger.com/taxes/least-tax-friendly-states-for-middle-class-families>. Maryland's tax code other than its small standard deduction and a few other deductions is largely not indexed to inflation. Tax rates and personal exemptions are not indexed to inflation. Thus if your income goes by the rate of inflation your tax bill goes up by more than the rate of inflation. In addition a greater share of Marylanders now do not itemize on their federal taxes so they cannot itemize on their Maryland tax returns further raising their taxes because of the small level of deductions and exemptions in the Maryland personal tax code. Higher taxes relative to neighboring states will continue to drive Marylanders out of the state and lowering the tax base. This is especially true for retirees and upper middle and higher income earners as shown in recent years by the Annual 2023 United Van Lines Annual National Movers Study.

I believe Maryland as a spending problem with Maryland Politicians being too beholden to the special interest groups that support them and thus beholden to them with spending and tax benefits at the expense of taxpayers as group. It is long overdue that Maryland balance its budget on the spending side not on the tax side and certainly not by raising taxes on basic necessities such as motor vehicles. In my opinion the biggest driver of the Maryland deficits is Maryland's Blue Print For Education. To raise taxes and not reduce spending in the Blue Print for Education is ridiculous in my opinion.

I firmly believe that Maryland's Blue Print For Education passed in 2021 needs to be reduced significantly in cost, made fiscally responsible, with more oversight. The laws required 38 billion dollars in increased spending over a ten year period through 2031. The time line for implementation should be lengthened as well. If not, tax rates and fees for Marylanders will increase at an extremely fast rate over the next decade. In a wealthy state such as Maryland, students deserve good to very good schools and need to be strongly encouraged to take advantage of it. Personal effort and determination are major factors in one's success in any field of endeavor. However as it is for virtually all spending beyond a certain point, diminishing returns exist where the benefits are significantly less than the costs with the opportunity costs rising in the forms of higher taxes and less funding availability for other projects. Numerous independent groups have called out the Maryland Blue Print for Education as being far too expensive, fiscally irresponsible, and lacking oversight. Moreover, I believe counties should have input on the level of school spending and what they can afford. Anne Arundel County real estate taxes were raised 5 percent in 2023 and we all know the overwhelming reason why. Please show fiscal responsibility and do not raise the general tax burden and the fees for basic state services further on Marylanders. I believe that it will only increase the exodus of Marylanders from the state. I believe more Maryland voters are demanding more fiscal responsibility from its elected representatives