



AAA Mid-Atlantic's Testimony in OPPOSITION of HB 846 Transportation Access and Revenue Act

Sponsor: Delegate R. Lewis et al

- **On behalf of our more than one million Maryland Members and all Maryland travelers and motorists, AAA strongly opposes HB 846 - Transportation Access and Revenue Act.**
- We specifically oppose efforts to impose a sales and use tax on certain transportation-related services, such as automobile repairs and towing services.
- If passed, HB 846 would result in a massive tax increase, impacting all Marylanders and businesses.
- While this bill proposes to add 6% sales tax on repairs and towing, it would also expand the state sales tax to countless other services that are not currently taxed.
- Expanding the sales tax to include labor on motor vehicle repairs (it already applies to parts) will further, and significantly, increase the cost of auto repairs. Labor is already, by far, the largest component of most auto repair bills.
- The bill also prohibits the revenues from the tax increase from going to the Transportation Trust Fund's (TTF) Gasoline and Motor Vehicle Revenue Account. This undermines the integrity of the TTF, which is significant in maintaining our roads, bridges, and overall maintenance of our transportation infrastructure.
- The tax could result in an increased number of unsafe vehicles on Maryland's roadways because motorists may defer vehicle maintenance or even unsafely attempt to tow their vehicles themselves.
- A tax on car repairs and towing services is regressive. The tax would particularly hurt low-income motorists for whom it is already difficult to pay for repairs and maintenance.
- Another perhaps unintended consequence is the service tax effect on auto insurance. Auto body and repair services are significant to the cost of auto insurance claims. Adding this tax would further increase Maryland's already high auto insurance rates.
- Besides the burdens these taxes would place on Maryland residents, HB 846 would also hurt the overall economy, as none of Maryland's competing states broadly tax services.
- AAA is proud to join the Maryland Chamber of Commerce, the Maryland Motor Truck Association, and other organizations to oppose this regressive and harmful legislation.
- **We respectfully urge the Committee to render an unfavorable report for HB 846.**

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