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Patrick Moran – President

HB 167 - Vehicle Excise Tax Rate Increase
Ways & Means Committee
January 28th, 2025

Favorable

Thank you, Chair Atterberry, Vice-Chair Wilkins, and members of the Ways & Means Committee for the opportunity to provide testimony on HB16. AFSCME Council 3 supports HB 167, the proposed increase in the vehicle excise tax rate. This proposal is a necessary and reasonable step to address the fiscal challenges facing the state of Maryland, and I strongly urge you to consider its positive impact on the state's budget and public services.

Increasing the vehicle excise tax rate would provide an essential source of revenue for Maryland's state budget. This new revenue is crucial for funding critical state services that benefit all Maryland residents, including education, healthcare, and public safety. As we continue to face growing demands for state services, we must ensure the state has the financial resources to meet these needs. The increase in the vehicle excise tax rate is one way and a practical means of securing these resources.

Also, increasing the excise tax in Maryland is one of the ways the state helps fund the Maryland Transportation Trust Fund (TTF). The TTF supports transportation infrastructure projects, such as road repairs, maintenance, public transit, and highway construction. The excise tax is levied on the purchase of vehicles, and the revenue from this tax goes directly into the fund to help maintain and improve transportation systems across the state.

The revenue generated from this rate increase can be directly invested in the maintenance and expansion of Maryland's infrastructure, which will benefit both residents and businesses. Well-maintained roads and public transportation systems are essential to the state's economic growth and competitiveness. By providing a stable revenue stream for infrastructure investment, we are helping to ensure Maryland remains an attractive place for businesses to operate and grow, which in turn creates jobs and boosts the state's economy.

Finally, the increase in the vehicle excise tax rate represents a sustainable and long-term solution to funding the state's needs. By ensuring a steady stream of revenue through this tax, we can help avoid drastic cuts to essential services or the need to raise other, more regressive taxes. This proposal is a responsible approach that balances the need for revenue with fairness and long-term planning.

AFSCME supports the increase in the vehicle excise tax rate. It is a fair, sensible, and necessary step to help Maryland generate the revenue needed to maintain essential services, invest in infrastructure, and build a strong economic future.

We ask for a favorable report on HB 167.

