



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

HB0167

Jan 28th, 2025

TO: Members of the Ways and Means Committee

FROM: Nina Themelis, Director of Mayor's Office of Government Relations

RE: HB 0167 -Vehicle Excise Tax - Rate Increase

POSITION: Support

Chair Atterbeary, Vice Chair Wilkins, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) support House Bill 167.

HB 167 proposes an increase to the State Motor Vehicle Excise (Titling) Tax from 6% to 6.75%. While this is a State tax, it directly benefits Baltimore City through the Highway User Revenues (HUR) allocation. Under the current formula, the City receives 11% of the total revenues generated, which helps fund critical infrastructure and transportation projects.

The Titling Tax represents 32.4% of total HUR receipts and is tied to economic activity from vehicle sales. In Fiscal 2024, vehicle sales in Maryland exceeded \$11.7 billion, generating \$700.6 million in titling tax revenue. The proposed rate increase is projected to raise titling tax revenues from \$716.1 million to \$805.6 million, resulting in an \$89.5 million increase in total HUR revenues by Fiscal 2026. This increase will enhance Baltimore City's share of HUR, providing \$260.8 million in Fiscal 2026 alone and \$1.14 billion over Fiscal 2026 to Fiscal 2030.

The proposed legislation will directly increase the City's allocation by \$10.9 million in Fiscal 2026 and by \$48.2 million over the Fiscal 2026–2030 period. These funds will support the City's efforts to maintain and improve its transportation infrastructure and services.

Additionally, House Bill 1187, passed during the 2022 General Assembly, anticipates adjustments to the HUR allocation formula, increasing the City's share to 12% for Fiscal Years 2026 and 2027, before decreasing it to 9.5% starting in Fiscal 2028. When combined with the proposed titling tax rate adjustment, these changes will further bolster Baltimore City's ability to invest in its infrastructure.

For the above stated reasons, the BCA respectfully requests a favorable report on HB 167.