



Maryland Motor Truck Association

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HEARING DATE: January 22, 2020
BILL NO/TITLE: **SB144 - Income Tax Credit - Class F Vehicles - Extension**
COMMITTEE: Senate Budget & Taxation Committee
POSITION: **Support**

Purpose: SB144 would extend a tax credit for 3 years that the trucking industry may claim to offset the substantial registration, toll and fuel taxes increases the industry has faced in recent years.

In 2013 the Maryland General Assembly (with the strong support of leadership) passed a tax credit to help trucking companies offset some of the extraordinary cost increases they have had in recent years. That credit was renewed in 2017, with certain limitations. Specifically, it:

- Provides a state income tax credit of \$400 for each Class F tractor titled and registered in Maryland.
- If the credit is more than the tax liability, the unused credit may not be carried forward to another year.
- The total value is capped statewide at \$500,000 in a single tax year.
- The amount of credit available to any single individual or company is capped at \$10,000.

This credit recognized the following:

1. Maryland has the highest tractor registration fees in the Mid-Atlantic region!

<u>State</u>	<u>Tractor Registration Fee (80,000 lbs.)</u>
MD	\$1,800
DE	\$1,390
VA	\$1,328
WV	\$1,132.75

2. Maryland has the highest diesel fuel taxes in the Mid-Atlantic region!

<u>State</u>	<u>Diesel Fuel Tax Rates</u>
MD	37.45 cents/gallon
WV	35.7 cents/gallon
VA	24.3 cents/gallon
DE	22 cents/gallon

3. Since 2001 the tolls for Class F Tractors have been increased 500% across the state. Recent reductions in tolls did NOT apply to 5 axle trucks.

Companies receiving this tax credit are overwhelmingly small local businesses that Maryland should want to help succeed. Per the Comptroller's office, as of August 2019, usage the last 2 years was as follows:

	<u>Certificate Value</u>	<u># of Certificates</u>	<u># of Applicants</u>	<u>Average Size</u>
2017:	\$455,200	1,138	159	7 trucks
2018:	\$391,200	978	195	5 trucks

The trucking industry employs 113,000 workers in Maryland, generating wages of over \$6 billion. Over 90% of the industry operates just 6 trucks or fewer. All Maryland communities depend upon trucks to deliver food, furniture, fuel, clothing, medical supplies, and other goods citizens use in their daily lives. As such we respectfully ask the Committee to extend this modest tax credit by giving SB144 a favorable report.

About Maryland Motor Truck Association: Maryland Motor Truck Association is a not-for-profit trade association representing the trucking industry since 1935. In service to its 1,000 members, MMTA is committed to supporting and advocating for a safe, efficient and profitable trucking industry across all sectors and industry types, regardless of size, domicile or type of operation.

For further information, contact: Louis Campion, (c) 443-623-4223