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The Honorable Vanessa Atterbeary, Chairman
and Members of the Ways & Means Committee
Maryland House of Delegates
Annapolis, Maryland

RE: **HB 144** – Motor Fuel Tax Rates – Consumer Price Index Adjustment -Repeal – **SUPPORT**

Dear Chairman Atterbeary and Committee Members,

The 1,480 members of the Maryland Federation of Republican Women strongly support HB 144 to repeal the annual increase in the Motor Fuel Tax.

Motor Fuels are heavily taxed. There is a federal tax of 18.4 cents per gallon in addition to Maryland taxes of 36.10 cents per gallon of gasoline. This is an increase of 13 cents/gallon since the passage of this annual CPI increase in 2013. Maryland also imposes a sales tax on gasoline of 5 cents a gallon. Inflation is surging and the average price of regular unleaded gasoline is \$3.27 a gallon. Taxes of 59.5 cents are 18% of that cost. If the CPI provision is left unchanged, the price of gasoline will increase again in July.

Families and businesses are hurting from inflation and from the restrictions of the pandemic. The motor fuel tax hurts lower-income and rural Marylanders most severely. On average, they travel greater distances to their jobs and tend to own older, less fuel-efficient vehicles. Many delivery jobs require the person to use their own vehicle. Almost every business, large or small, is impacted by the increased costs of motor fuel and motor fuel taxes for their vehicles used to deliver goods and services to stores, offices, homes, hospitals, schools and government agencies. Increasing the cost of motor fuel and taxes leads to increases in the cost of groceries, and every other product and service. It will cause some products to disappear and businesses to close. It is a drag on the economy and stresses family budgets. Increasing the motor fuel tax annually magnifies these problems.

Motor fuel taxes go into the Transportation Trust Fund that pays for bonds for transportation projects including roads and bridges. All vehicles, whether motor fuel-powered or electric-powered use those roads and bridges. But owners of electric-powered vehicles do not pay motor fuel taxes or motor fuel sales taxes or an equivalent fee to help build and maintain the roads and bridges on which they travel.

Please vote for a **favorable** report for **HB 144** and repeal the annual CPI increase in the motor-fuel tax.