



## **BULLETIN #14/2020**

### **March 5, 2020**

#### **MASS. HOUSE APPROVES \$500+ MILLION TRANSPORTATION FINANCE PLAN**

#### **HOUSE REJECTS ATTEMPTS TO REPEAL SALES TAX TRADE-IN ALLOWANCE**

#### **THANK YOU TO DEALERS WHO RESPONDED TO OUR CALL TO ACTION**

Yesterday the Massachusetts House of Representatives debated, and passed 113-40, legislation ([House 4530](#)) to create a number of funding mechanisms to pay for transportation projects in the Commonwealth.

During debate, the House rejected two amendments that would have repealed the motor vehicle sales tax trade-in allowance that consumers rely on when making their next car or truck purchase and bringing a trade-in to the table.

Your Association wishes to thank all those dealers who answered our Dealer Call to Action yesterday and contacted their representatives to express our opposition to these onerous amendments. These calls to legislators are always important to supplement our lobbying efforts at the State House and to bring some local, Main Street reality to legislative deliberations. Your calls helped deliver success in the House.

Transportation funding, including new tolls, traffic congestion pricing, and attempts to alter workers' driving habits (frankly, there is considerable anti-car sentiments amongst a certain cadre of legislators), have been discussed on Beacon Hill for several years now. The House bill is the first step in this legislative dance.

The approved House bill would generate \$522 million to \$612 million annually to revitalize the MBTA system, inject more money into road and bridge maintenance, and offer greater support to regional transit authorities. The four main legs of the funding stool are the following:

- The state's current 24-cents per gallon gasoline and diesel taxes would increase by five cents and nine cents, respectively. The last increase of three cents per gallon was passed in 2013. (Governor Charlie Baker has maintained opposition to a gas tax hike; he has supported, instead, a regional cap-and-trade program on transportation emissions that could lead to gas tax hikes between 5 cents per gallon and 17 cents per gallon.)
- The state's corporate minimum excise tax, which has not been changed in 30 years and set at \$456, would be altered to a nine-tiered structure ranging from



\$456 for those companies with less than \$1,000,000 in annual sales up to \$150,000 for those companies with more than \$1 billion in annual sales.

- The fee attached to Uber and Lyft rides would be increased: the \$0.20 per trip fee to \$1.20 for each non-shared ride and \$2.20 for every luxury ride. The cost would remain the same as now for when users carpool. The legislation contains language to prevent the ride-share companies from passing on the new fees to their customers.
- Rental car companies would pay sales tax on their vehicle purchases, as the existing sales tax exemption would be repealed.

House leaders have often characterized this legislation as a "bridge" to provide funding for transportation projects until the anticipated passing of the four percent income tax surtax on millionaires goes before voters on the November 2022 ballot. The Millionaires Tax is anticipated to bring in up to \$2 billion annually earmarked for education and transportation needs.

Two issues the House did not directly take up - toll expansion to all major highways and congestion pricing - are to be studied by a special commission, which would be required to file its recommendations with the Legislature by July 31, 2021. The recommendations are to include a date by which the state Department of Transportation shall develop a plan to implement the commission's recommendations.

The Senate will next have its chance to address transportation funding issues, but Senate leaders have not yet set any plans to consider the House bill. We can tell you this, especially if previous House-Senate disputes are any indication - the Senate plan will be considerably different from what the House has approved. For instance, one issue the Senate President has talked about is using any new transportation revenues to "change behavior", especially by reducing public transit fares. During the House debate yesterday, amendments to use gas tax monies to provide free rides to users of the MBTA or regional transit authorities were not taken up.

We will keep dealers informed of any developments as this legislative process continues, especially if there are issues that will impact directly dealership operations and consumers, such as the trade-in allowance.

Thank you, again, to our member dealers who made the calls and assisted in achieving success on beating down the repeal amendments. Should you require any additional information, please do not hesitate to contact us.