



Retirement News Highlights

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Legislative Roundup: Gas Tax Holiday, Russian Pension Divestment, and Scrutinizing Kaiser's New Gig

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As lawmakers tackled legislation Tuesday to enact an emergency 30-day gas tax holiday, Gov. Lawrence J. Hogan Jr. (R) said he is working with legislators to address concerns that service station owners could pocket the benefits of a gas tax freeze in Maryland.

Consumer advocates and tax experts across the country are skeptical that consumers will benefit from the tax break as intended. Chuck Ulm, director of the state comptroller's Field Enforcement Bureau, said at a hearing before the House Ways and Means Committee Tuesday that the office has no mechanism to ensure gas stations would lower prices in step with the relief they get from the tax break.

"We've discussed that with the legislature to make sure that doesn't happen and we're going to press all the providers to make sure there are actions that we take," Hogan said at a State House news conference Tuesday. "Every time we have an emergency situation, we're making sure there's not price gouging."

Two legislative committees held hearings on the legislation, which would waive the more than 36-cent tax per gallon of gas for 30 days at a cost of nearly \$94 million to the state.

Gas prices in Maryland have jumped by about 75 cents in the last 30 days, according to AAA.

In Maryland, gas stations pay the state's gas tax in advance to their fuel suppliers and recoup the cost from consumers.

At the request of state Comptroller Peter V.R. Franchot, a Democrat running for governor, Del. Eric G. Luedtke (D-Montgomery) introduced an amendment to the bill in the House Tuesday that Franchot said he hopes will help consumers see prices drop faster.

Franchot's amendment will allow the state to offer refunds to gas stations for the tax they paid on the amount of fuel they have already purchased when the tax holiday goes into effect, a move he said levels the playing field for businesses and should help consumers see price decreases.

The legislation and the amendment passed the committee on Tuesday.

At least 17 states are mulling the idea of a gas tax holiday to address rising fuel prices, according to the National Conference of State Legislatures, with lawmakers conflicted over whether it is a viable solution. Tax experts and consumer advocates said they are concerned drivers will not see strong benefits at the pump.

Howard Gleckman, senior fellow at the Urban-Brookings Tax Policy Center at the Urban Institute, said consumers might not be able to tell if they are seeing the benefit of the tax holiday as initial price drops drive up demand, further increasing costs.

It will not be possible to tell if gas stations are pocketing some of the tax break, Gleckman said in an interview with Capital News Service, as prices continue to change quickly.

Lobbyists for gas stations and fuel providers cautioned that people should temper expectations about the impact of the gas tax holiday and that drivers should not expect an immediate 37-cent drop. Their comments came at a hearing before the Senate Budget and Taxation Committee Tuesday. The head of the Maryland Transportation Builders & Materials Association testified that the gas tax holiday would impact the state's transportation trust fund, potentially reducing the state's ability to maintain roads.

Committee Chair Guy J. Guzzone (D-Howard) said "we're dealing with an unfortunate set of circumstances that are really out of our control in many ways, but this is our little way of controlling the circumstances." All 47 members of the Senate support the gas tax holiday.

Franchot called last week for a three-month tax holiday after approving projections that put the state's budget surplus at \$7.5 billion over two years.

Hogan said he was not sure the 30-day holiday would be enough to address price concerns and said he wanted a longer suspension of the tax.

"I'm not convinced that it's going to be solved in 30 days," Hogan said. "I actually pressed for longer, but that's where we are with a compromise agreement with the legislature."

An amendment introduced by Del. Kevin Hornberger (R-Cecil) to the House bill to extend the holiday to 90 days lost by a vote of 12 to 11 Tuesday afternoon in the Ways and Means Committee.

The legislation should be voted on in both the House and Senate in the next few days.

Targeting Russia...and China

Both chambers of the General Assembly advanced legislation Tuesday that would pull Maryland's pension plan investments from Russian companies and related interests to protest Russia's invasion of Ukraine last month. Final votes are expected later this week.

While there appears to be overwhelming support for the measure in both the Senate and House, Republicans in the House tried to attach an amendment to the bill Tuesday that would have pulled investments by the State Retirement and Pension System from China as well.

"This is long overdue," said Del. Mark N. Fisher (R-Calvert), who proposed the amendment. "The Chinese government is a dictatorship...and is committing atrocities that are almost unheard of."

Fisher said the bill to withdraw Maryland pension investments from Russia "makes sense to me. You know what else makes sense? That we take the money we have in the pension system and divest from China."

The House floor leader for the pension bill, Del. Kirill Reznik (D-Montgomery), who was born in Ukraine, suggested that Tuesday's session wasn't the proper venue for a full-on debate of divesting from China. Maryland's retirement fund invests about \$7 million in Russia, he said, and the war in Ukraine

necessitated emergency action. On the other hand, the state invests about \$3.5 billion in Chinese interests, and the ramifications of divestment, Reznik said, requires in-depth study.

But Fisher pressed his case, arguing that “if you’re a Democrat...you should also be concerned about what China is doing to the climate.”

That brought a mild rebuke from House Majority Leader Eric G. Luedtke (D-Montgomery), who suggested that a discussion of war atrocities and human rights violations wasn’t the proper time to inject partisan considerations into the debate. But other Republicans said they supported adding China divestment to the Russia ban.

“I don’t know if you can tell the difference between the two countries right now,” said Del. Matt Morgan (R-St. Mary’s).

Fisher’s amendment went down on a 45-87 vote.

Meanwhile, in the Senate, Sen. Craig J. Zucker (D-Montgomery), who is of Ukrainian heritage, ushered the Russian divestment bill through the chamber Tuesday.

“Colleagues, this is sending a message — a bipartisan message, a unified message,” said Zucker. “What we’re doing here is we’re making sure we send a signal to the people of Ukraine that we’re invested in them by divesting from Russia and making sure that Maryland assets are protected and making sure that Maryland assets are not going to fueling the war that [Vladimir] Putin is raging in Europe right now.”

Zucker then offered an amendment to have all senators sign on as cosponsors of the emergency bill. It was adopted, unanimously.

Speaking in the bill’s favor, Budget & Taxation Committee Vice Chair James C. Rosapepe (D-Prince George’s) said that the pensions system asked the legislature to divest from Russia for practical reasons.

“But it’s also symbolic,” he said.

Rosapepe, the former U.S. ambassador to Romania, suggested that Putin thought the invasion of Ukraine would disconnect the United States from its European allies, and East and West Europe from each other.

“He’s found out in the last three weeks that he was wrong — he was as wrong as he could be. The fact of the matter is that, across the world ... and across this chamber ... people are saying what he is doing is not just a tragedy, which of course it is ... but it’s also a huge danger to our country.”

The bill is expected to receive final approval in both the House and Senate later this week.

Seeking bipartisanship at UMD leadership institute

House lawmakers were prepared to take a preliminary vote Tuesday on a measure to provide \$5 million over the next five years for the new Institute for Public Leadership at the University of Maryland College Park — which, as it happens, will be headed by Del. Anne R. Kaiser (D-Montgomery).

“It’s a great program,” said the bill sponsor, Del. Benjamin Barnes (D-Prince George’s), whose district includes the university.

But Del. Kathy Szeliga (R-Baltimore County) asked if the debate could be delayed a day and said she was preparing an amendment to the legislation. In an interview, Szeliga said she wanted to add language in the bill “to ensure bipartisanship” at the new institute.

“I want to make sure that we’re creating a program on politics where the minority party has some representation,” she said, adding she’ll propose another amendment that the institute have two co-chairs, one Democrat and one Republican.

“I’m sure they’ll go down in partisan flames,” Szeliga predicted.

Maryland Matters’ Bruce DePuyt and Stephen Neukam and Logan Hill of Capital News Service contributed to this report.

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