SB 1006

Department of Legislative Services

Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 1006 (Senator Pipkin)
Budget and Taxation

Vehicle-Miles-Traveled Tax - Prohibited Acts

This bill prohibits the State from directly or indirectly imposing or levying a vehicle-miles-traveled (VMT) tax, a mileage-based user fee, a global positioning satellite tracking-based toll, or any other similar form of tax. The State may not require the installation of a device in or on a privately owned vehicle or use an odometer reading to facilitate VMT reporting for the purposes of calculating a tax, fee, toll, or any other levy.

Fiscal Summary

State Effect: To the extent the bill prevents the State from assessing a VMT tax or other similar charge or tax, State revenues decrease; however, any impact cannot be reliably estimated at this time and depends on whether, and to what extent, a tax or fee is not established as a result of the bill.

Local Effect: To the extent the bill prevents a State from assessing a VMT tax or other similar charge or tax and part of the revenue is distributed to local governments, local revenues may decrease; however, any impact cannot be reliably estimated at this time and depends on whether, and to what extent, a tax or fee is not established as a result of the bill.

Small Business Effect: Minimal.

Analysis

Current Law: State law does not address VMT taxes or similar charges or taxes.

Background: In recent years, a growing number of transportation stakeholders have noted the potential of augmenting and eventually replacing fuel taxes with fees based directly on the number of miles motorists drive. By charging users per mile rather than per gallon, VMT fees separate transportation revenues from motor fuel consumption. With road use growing and motor fuel consumption declining, over time the motor fuel tax is expected to become a less reliable source of funding for transportation infrastructure. Many states are exploring other possible revenue options to fund transportation projects. According to the National Conference of State Legislatures, no jurisdiction in the world now levies VMT fees on all vehicles; however, many states are actively exploring this option and at least 18 states have completed or undertaken VMT fee pilot projects.

The Greenhouse Gas Emissions Reduction Act of 2009 (GGRA) requires the State to develop and implement a plan to reduce greenhouse gas (GHG) emissions 25% from a 2006 baseline by 2020. In a 2011 report on Maryland Department of Transportation (MDOT) climate action plan strategies, developed by a private contractor, consideration is given to establishing a GHG emissions-based VMT fee statewide by 2020. The Maryland Department of the Environment released a draft statewide GGRA plan in spring 2012 noting that MDOT is working to identify potential transportation pricing and travel demand management incentive programs for consideration, including VMT fees.

State Fiscal Effect: To the extent the bill prevents the State from assessing a VMT tax or other similar charge or tax, State revenues decrease; however, any impact cannot be reliably estimated at this time and depends on whether, and to what extent, a tax or fee is not established as a result of the bill.

The Maryland Transportation Authority (MDTA) advises that tolls charged for the use of the Intercounty Connector roadway may fit the bill's definition of a mileage-based toll and the bill may require MDTA to use a toll table instead. MDTA further advises that the use of the E-ZPass transponder may be considered an electronic device installed to facilitate the reporting of VMT. To the extent the bill limits MDTA's ability to collect tolls and fees, it has a potentially significant impact on nonbudgeted revenues and expenditures; however, any impact cannot be reliably estimated at this time.

Additional Comments: Motor carriers traveling through Maryland are required by International Fuel Tax Association (IFTA) agreement to pay the equivalent Maryland motor carrier tax based on the number of miles traveled in Maryland regardless of whether they purchase motor fuel in the State. All U.S. and Canadian motor carriers file mileage, routes, and fuel purchases with IFTA, where calculations are performed as to how much tax is owed to Maryland, based on that information and Maryland's tax rates. The Comptroller advises that the bill's prohibition on mileage-based user fees may limit the State's ability to implement IFTA requirements.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Maryland Department of the Environment, Maryland Transportation Authority, Maryland Department of Transportation, National Conference of State Legislatures, U.S. Code, Department of Legislative Services

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mc/jrb

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