

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 277
Ways and Means

(Delegate Ready, *et al.*)

Vehicle-Miles-Traveled Tax and Associated Mandated Devices - Prohibition

This bill prohibits the State or a local jurisdiction 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 or a local jurisdiction may not require the installation of a device in or on a privately owned vehicle to facilitate VMT reporting.

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 local government from assessing a VMT tax or other similar charge or tax, local 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.

Small Business Effect: Minimal.

Analysis

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

Numerous State and federal laws prohibit tampering with motor vehicle odometers and seek to protect individuals who purchase motor vehicles from inaccurate odometers.

Among other things, federal law (1) prohibits the disconnection, resetting, or alteration of a motor vehicle's odometer with intent to change the number of miles and (2) requires that a written disclosure of the mileage registered on an odometer be provided by the seller to the purchaser on the title to the vehicle when the ownership of a vehicle is transferred.

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 increased fuel efficiency, over time the motor fuel tax is expected to become a less reliable source of funding for transportation infrastructure needs. Many states are exploring other possible revenue options to fund transportation projects. No state has imposed a VMT charge on all vehicles; however, several states have undertaken VMT fee pilot projects, including Oregon and Kansas.

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 statewide GHG emissions-based VMT fee 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: The bill may prevent the use of odometers in vehicles, which is inconsistent with numerous federal and State laws.

Motor carriers traveling through Maryland are required by International Fuel Tax Association (IFTA) 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: HB 682 of 2013 received a hearing in the House Ways and Means Committee, but no further action was taken.

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

Fiscal Note History: First Reader - February 4, 2014
mc/jrb

Analysis by: Robert J. Rehrmann

Direct Inquiries to:
(410) 946-5510
(301) 970-5510