

Department of Legislative Services  
Maryland General Assembly  
2024 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1280 (Delegate Miller, *et al.*)  
Ways and Means and Economic Matters

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Sales and Use Tax – Electricity to Charge Electric Vehicles – Transportation  
Trust Fund

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This bill requires the Comptroller to distribute to the Transportation Trust Fund (TTF) sales and use tax collections attributable to the sale of electricity (1) at an electric vehicle charging station or (2) used to charge an electric vehicle and is not sold under a residential or domestic rate schedule on file with the Public Service Commission (PSC). **The bill takes effect July 1, 2024.**

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Fiscal Summary

**State Effect:** TTF revenues increase by an indeterminate amount beginning in FY 2025, as discussed below; general fund and Blueprint for Maryland’s Future Fund (BMFF) revenues decrease correspondingly. The Comptroller’s Office can implement the bill’s provisions with existing budgeted resources; however, the bill presents a notable implementation question, as discussed below.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** According to the Comptroller’s [\*List of Tangible Personal Property and Services Subject to Sales and Use Tax\*](#), the sale of electricity at a charging station to charge a vehicle is subject to the sales and use tax. The purchase of electricity by the provider of the charging equipment for resale is not subject to sales and use tax; however, the purchase of electricity is subject to tax by the provider of a free charging station. Electricity

purchased to charge a vehicle at home is not subject to sales and use tax if purchased at a residential rate.

After an allowance for refunds and administrative costs, sales and use tax revenues are generally distributed to the general fund. Revenues from the sales tax on short-term rental vehicles and peer-to-peer car sharing are distributed to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund (55%) and to TTF (45%). Pursuant to Chapter 33 of 2022, after other required distributions, the Comptroller must pay to BMFF the following percentage of remaining sales and use tax revenues:

- 11.0% for fiscal 2024;
- 11.3% for fiscal 2025;
- 11.7% for fiscal 2026; and
- 12.1% for fiscal 2027 and each subsequent fiscal year.

**State Revenues:** TTF revenues increase – and general fund and BMFF revenues decrease – beginning in fiscal 2025 as sales and use tax collections attributable to specified sales of electricity are diverted to TTF. The bill’s precise impact on State revenues cannot be reliably estimated at this time due to data limitations. *For illustrative purposes only*, the Maryland Department of Transportation estimates that, assuming a full charge per affected transaction at PSC-regulated prices, diverted sales and use tax revenues potentially exceed \$1.0 million. Actual revenues diverted to TTF under the bill are assumed to be less, at least in the near term.

**State Expenditures:** While it is assumed that the Comptroller’s Office can generally implement the bill’s changes with existing budgeted resources, it is unclear how affected sales and use tax attributable to the sale of electricity to a provider of a free charging station would be assessed, absent separate metering. PSC advises that, currently, electric vehicle charging stations are not required to be separately metered and may share a meter with other uses – particularly for free charging stations, like those in parking garages, schools, and offices.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the past three years.

**Designated Cross File:** SB 1076 (Senator Corderman) - Budget and Taxation.

**Information Source(s):** Comptroller's Office; Maryland Department of Transportation; Maryland Energy Administration; Public Service Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - February 28, 2024  
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