

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1176 (Delegate Foley, *et al.*)
Environment and Transportation

Motor Vehicles - Plug-In Electric Drive Vehicles in HOV Lane - Termination
Date

This bill extends, by five years, the authorization for the Motor Vehicle Administration (MVA) to issue a permit (upon application) for any plug-in electric drive vehicle to use all high-occupancy vehicle (HOV) lanes at all times regardless of the number of passengers in the vehicle. **The bill takes effect July 1, 2025, and terminates September 30, 2030.**

Fiscal Summary

State Effect: Transportation Trust Fund revenues and expenditures increase over the five-year period beginning in FY 2026 as MVA continues to collect permit fees and issue decals, as discussed below. MVA can handle the extension of an existing reporting requirement as well as any reprogramming changes with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The use of HOV lanes in Maryland is restricted by traffic control devices during specified times to vehicles carrying at least a specified number of occupants. A plug-in electric drive vehicle with an MVA-issued permit may use an HOV lane at all times regardless of the number of passengers in the vehicle.

The authorization for plug-in vehicles to use HOV lanes was first established by Chapters 491 and 492 of 2010. The initial authorization was set to terminate on

September 30, 2013, but subsequent legislation applied the authorization specifically to plug-in electric drive vehicles, among other things, and extended the termination date multiple times until the authorization officially lapsed on September 30, 2022.

Chapter 121 of 2023 reestablished the authorization for any plug-in electric drive vehicle with an MVA-issued permit to use all HOV lanes at all times regardless of the number of passengers in the vehicle. MVA charges a \$5 fee for the permit (although the maximum authorized fee is \$20). The authorization established by Chapter 121 is set to terminate September 30, 2025.

A “plug-in electric drive vehicle” means a motor vehicle that:

- is made by a manufacturer;
- is manufactured primarily for use on public streets, roads, and highways;
- is rated at not more than 8,500 pounds unloaded gross vehicle weight;
- has a maximum speed capability of at least 55 miles per hour; and
- is propelled to a significant extent by an electric motor that draws electricity from a battery that (1) has a capacity of not less than 4 kilowatt hours for four-wheeled motor vehicles and not less than 2.5 kilowatt hours for two-wheeled or three-wheeled motor vehicles and (2) is capable of being recharged from an external source of electricity.

A vehicle that meets these qualifications but was modified from its original manufacturer specifications is also a plug-in electric drive vehicle.

State Fiscal Effect: As any decals currently in use are set to expire September 30, 2025, MVA must issue new decals under the bill. Thus, TTF revenues and expenditures increase from fiscal 2026 through 2030 (and possibly into the first quarter of fiscal 2031).

In fiscal 2024, MVA issued 6,076 HOV permits to plug-in electric drive vehicles. The exact number of additional decals that may be issued under the bill is unknown due to various factors (*e.g.*, whether the number of qualifying vehicles grows in future years and owners continue to request the permits). However, *for illustrative purposes only*, TTF revenues increase by approximately \$32,500 in fiscal 2026 and by greater amounts in subsequent years due to an assumed 10% growth rate in the number of permits issued annually. By fiscal 2030, TTF revenues may increase by approximately \$47,600, assuming consistent 10% growth each year (and a fixed \$5 fee over the forecast period). Under this scenario, TTF expenditures also increase to produce additional decals each year. In fiscal 2026, TTF expenditures may increase by approximately \$9,000 (assuming a cost of \$1.38 per decal). In subsequent years, assuming a 5% growth rate in production costs for the decal, TTF expenditures increase by greater amounts. By fiscal 2030, TTF expenditures

may increase by approximately \$16,000. Under these assumptions, the net impact to TTF finances is approximately \$23,500 in fiscal 2026 and \$31,600 in fiscal 2030.

Additional Comments: The Maryland Department of Transportation advises that federal law allows plug-in electric drive vehicles to use HOV lanes (*i.e.*, regardless of the number of passengers) until September 30, 2025, consistent with the existing termination date of Chapter 121. After that date, these vehicles may only use HOV lanes if carrying the total number of passengers otherwise required. Noncompliance with this requirement may result in loss of federal funding.

Additional Information

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

Designated Cross File: None.

Information Source(s): Maryland Department of Transportation; Department of Legislative Services

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