

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 557

(Senator Ready, *et al.*)

Budget and Taxation

Vehicle-Miles-Traveled Tax and Associated Mandated Devices - Prohibition
(Transportation Freedom Act of 2025)

This bill prohibits the State or a local jurisdiction from directly or indirectly imposing or levying a vehicle-miles-traveled tax, a mileage-based user fee, a toll based on global positioning satellite tracking, or any other similar form of tax. This prohibition applies to a third-party agreement or a pilot program or study. The bill may not be construed to prohibit the Comptroller from entering into reciprocal interstate agreements relating to the fuel use taxation, registration, and reporting by motor carriers subject to the motor carrier tax. The bill further specifies that the State or a local jurisdiction may not require the installation of a device in or on a privately owned vehicle to facilitate the reporting of vehicle miles traveled.

Fiscal Summary

State Effect: None. The bill's prohibition is not expected to directly affect State finances.

Local Effect: None. The bill's prohibition is not expected to directly affect local finances.

Small Business Effect: None.

Analysis

Current Law: Currently, neither the State nor any local jurisdiction within the State clearly imposes or levies a vehicle-miles-traveled tax or other similar form of toll, fee, or tax as contemplated under the bill.

The Comptroller may enter into reciprocal agreements on behalf of the State with the duly authorized representatives of any other state that provide for (1) fuel tax registration of vehicles by motor carriers; (2) establishment of periodic fuel use reporting and fuel use tax payment requirements by motor carriers; and (3) disbursement of money that is collected by the Comptroller and is due to other states based on mileage travelled and fuel used in those states and the respective registration fees of those states.

Additional Comments: The Maryland Department of Transportation has advised that it is unclear whether tolls charged for the use of the Intercounty Connector and I-95 Express Toll Lanes and/or the use of *E-ZPass* transponders potentially fall under the bill's prohibitions. To the extent that they do – the bill potentially limits the Maryland Transportation Authority's ability to collect tolls and fees. Any such impact is not accounted for in this fiscal and policy note.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 841 and HB 1025 of 2024.

Designated Cross File: HB 1008 (Delegate Buckel, *et al.*) - Ways and Means and Environment and Transportation.

Information Source(s): Comptroller's Office; Maryland Department of Transportation; Anne Arundel, Baltimore, Cecil, Frederick, and Montgomery counties; Maryland Association of Counties; Maryland Municipal League; Department of Legislative Services

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js/hlb

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