

HOUSE BILL 827

Q5, R6, R2
HB 695/25 – W&M & ENT

6lr2481

By: **Delegates M. Morgan, Arian, Beauchamp, Chisholm, Fisher, Grammer, Howard, Kipke, Nawrocki, and Szeliga**

Introduced and read first time: February 4, 2026

Assigned to: Ways and Means and Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Repair the Transportation Trust Fund Act**

3 FOR the purpose of repealing a requirement that certain motor fuel tax rates be adjusted
4 in future years based on growth in the Consumer Price Index for All Urban
5 Consumers; prohibiting the State or a local jurisdiction from imposing or levying a
6 vehicle–miles–traveled tax or certain other similar fees, tolls, or taxes; requiring that
7 the Maryland Transit Administration achieve a certain farebox recovery
8 requirement for certain transit services; requiring that the Administration increase
9 fares for certain transit services under certain circumstances; providing that the
10 Administration is not required to conduct certain public hearings before
11 implementing certain fare increases; prohibiting the State or a local jurisdiction from
12 requiring the installation of a device in or on a privately owned vehicle to facilitate
13 the reporting of vehicle miles traveled; and generally relating to fares, fees, and taxes
14 related to transportation.

15 BY repealing and reenacting, without amendments,
16 Article – Tax – General
17 Section 9–205
18 Annotated Code of Maryland
19 (2022 Replacement Volume and 2025 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Tax – General
22 Section 9–305
23 Annotated Code of Maryland
24 (2022 Replacement Volume and 2025 Supplement)

25 BY adding to
26 Article – Tax – General

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Section 9–401 to be under the new subtitle “Subtitle 4. Vehicle–Miles–Traveled
Tax – Prohibited”
Annotated Code of Maryland
(2022 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
Article – Transportation
Section 7–208(b–1) and 7–506(a)(1)
Annotated Code of Maryland
(2020 Replacement Volume and 2025 Supplement)

BY adding to
Article – Transportation
Section 22–107
Annotated Code of Maryland
(2020 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Tax – General

9–205.

(a) (1) The Comptroller may enter into reciprocal agreements on behalf of this
State, with the duly authorized representatives of any other state, that provide for:

- (i) fuel tax registration of vehicles by motor carriers;
- (ii) establishment of periodic fuel use reporting and fuel use tax
payment requirements by motor carriers; and
- (iii) disbursement of money that is collected by the Comptroller and
is due to other states based on:

- 1. mileage travelled and fuel used in those states; and
- 2. the respective registration fees of those states.

(2) The Comptroller may not enter into any reciprocal agreement that
would affect:

- (i) this State’s motor carrier tax rate; or
- (ii) this State’s registration fee for motor carriers.

(b) In exercising the authority granted under subsection (a) of this section, the Comptroller is expressly authorized to:

(1) enter into regional or national fuel use tax agreements;

(2) become a member of any regional or national conference, group, compact, or similar organization of motor carrier fuel use tax administrators; and

(3) enforce the provisions set forth in any regional or national fuel use tax agreements.

(c) The agreement provisions shall apply to the fuel use taxation, registration, and reporting requirements of motor carriers subject to the provisions of the agreement without reference to or application of any other statutes of this State.

9–305.

(a) Except as provided in subsection (b) of this section, the motor fuel tax rate is:

(1) 7 cents for each gallon of aviation gasoline;

(2) 23.5 cents for each gallon of gasoline other than aviation gasoline;

(3) 24.25 cents for each gallon of special fuel other than clean-burning fuel or turbine fuel;

(4) 7 cents for each gallon of turbine fuel; and

(5) 23.5 cents for each gasoline-equivalent gallon of clean-burning fuel except electricity.

(b) (1) In this subsection, “Consumer Price Index for All Urban Consumers” means the index published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor that is the U.S. city average of all items in a basket of consumer goods and services.

(2) The motor fuel tax rates specified in subsection (a)(2), (3), and (5) of this section shall be increased on July 1, 2013, [and] July 1 [of each subsequent year], **2014, JULY 1, 2015, JULY 1, 2016, JULY 1, 2017, JULY 1, 2018, JULY 1, 2019, JULY 1, 2020, JULY 1, 2021, JULY 1, 2022, JULY 1, 2023, JULY 1, 2024, AND JULY 1, 2025**, in accordance with this subsection.

(3) On or before June 1 [of each year], **2013, JUNE 1, 2014, JUNE 1, 2015, JUNE 1, 2016, JUNE 1, 2017, JUNE 1, 2018, JUNE 1, 2019, JUNE 1, 2020, JUNE 1, 2021, JUNE 1, 2022, JUNE 1, 2023, JUNE 1, 2024, AND JUNE 1, 2025**, the Comptroller shall determine and announce:

(i) the growth in the Consumer Price Index for All Urban Consumers as determined by the Comptroller under paragraph (4) of this subsection; and

(ii) the motor fuel tax rates effective for the fiscal year beginning on the following July 1 as determined by the Comptroller under paragraph (5) of this subsection.

(4) The percentage growth in the Consumer Price Index for All Urban Consumers shall be determined by comparing the average of the index for the 12 months ending on the preceding April 30 to the average of the index for the prior 12 months.

(5) Subject to paragraph (6) of this subsection, on July 1 [of each year], **2013, JULY 1, 2014, JULY 1, 2015, JULY 1, 2016, JULY 1, 2017, JULY 1, 2018, JULY 1, 2019, JULY 1, 2020, JULY 1, 2021, JULY 1, 2022, JULY 1, 2023, JULY 1, 2024, AND JULY 1, 2025**, each motor fuel tax rate specified in subsection (a)(2), (3), and (5) of this section shall be increased by the amount, rounded to the nearest one-tenth of a cent, that equals the product of multiplying:

(i) the motor fuel tax rate in effect on the date of the Comptroller's announcement under paragraph (3) of this subsection; and

(ii) the percentage growth in the Consumer Price Index for All Urban Consumers.

(6) (i) If there is a decline or no growth in the Consumer Price Index for All Urban Consumers, the motor fuel tax rates shall remain unchanged.

(ii) Any increase in the motor fuel tax rates under paragraph (5) of this subsection may not be greater than 8% of the motor fuel tax rate effective in the previous year.

(7) The Comptroller shall require any person possessing tax-paid motor fuel for sale at the start of business on the date of an increase in the motor fuel tax under this subsection to compile and file an inventory of the motor fuel held at the close of business on the immediately preceding date and remit within 30 days any additional motor fuel tax that is due on the motor fuel.

SUBTITLE 4. VEHICLE-MILES-TRAVELED TAX – PROHIBITED.

9-401.

(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE STATE OR A LOCAL JURISDICTION MAY NOT DIRECTLY OR INDIRECTLY, INCLUDING THROUGH A THIRD-PARTY AGREEMENT OR AS PART OF A PILOT PROGRAM OR STUDY, IMPOSE OR LEVY:

(1) A VEHICLE-MILES-TRAVELED TAX;

(2) A MILEAGE-BASED USER FEE;

(3) A TOLL BASED ON GLOBAL POSITIONING SATELLITE TRACKING;

OR

(4) ANY OTHER SIMILAR FORM OF TAX.

(B) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PROHIBIT THE COMPTROLLER FROM ENTERING INTO AND THE STATE FROM ENFORCING AN AGREEMENT IN ACCORDANCE WITH § 9-205 OF THIS TITLE.

Article – Transportation

7-208.

(b-1) (1) Subject to § 7-506 of this title and paragraph [(2)] (3) of this subsection, ON OR BEFORE JULY 1 EACH YEAR, the Administration shall set the fare prices and collect other operating revenues IN AN AMOUNT SUFFICIENT TO ACHIEVE THE FAREBOX RECOVERY REQUIREMENT ESTABLISHED IN PARAGRAPH (2) OF THIS SUBSECTION.

(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, FOR EACH FISCAL YEAR, THE ADMINISTRATION SHALL SEPARATELY RECOVER FROM FARES AND OTHER OPERATING REVENUES AT LEAST 35% OF THE TOTAL OPERATING COSTS FOR:

1. THE ADMINISTRATION'S BUS, LIGHT RAIL, AND METRO SUBWAY SERVICES IN THE BALTIMORE REGION; AND

2. ALL PASSENGER RAILROAD SERVICES UNDER THE ADMINISTRATION'S CONTROL.

(II) THE PERCENTAGE OF TOTAL OPERATING COSTS REQUIRED TO BE RECOVERED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IS EQUAL TO:

1. FOR FISCAL YEAR 2027, 15%;

2. FOR FISCAL YEAR 2028, 20%;

3. FOR FISCAL YEAR 2029, 25%;

4. FOR FISCAL YEAR 2030, 30%; AND

1 **5. FOR FISCAL YEAR 2031 AND EACH FISCAL YEAR**
2 **THEREAFTER, THE PERCENTAGE SPECIFIED IN SUBPARAGRAPH (I) OF THIS**
3 **PARAGRAPH.**

4 **[(2)] (3)** The Administration may not reduce the level of services provided
5 by the Administration for the purpose of achieving a specific farebox recovery requirement.

6 **(4) AN INCREASE IN THE ADMINISTRATION'S FARE PRICES BY THE**
7 **MINIMUM AMOUNT REQUIRED UNDER THIS SUBSECTION IS NOT SUBJECT TO THE**
8 **REQUIREMENTS OF § 7-506 OF THIS TITLE.**

9 7-506.

10 (a) (1) Except as provided in subsection (b) of this section **OR § 7-208(B-1)(4)**
11 **OF THIS TITLE**, until a public hearing is held on the matter, the Administration may not:

12 (i) Fix or revise any fare or rate charged the general public;

13 (ii) Establish or abandon any bus or rail route listed on a published
14 timetable;

15 (iii) Change a bus or rail route alignment listed on a published
16 timetable, unless the change is needed because of temporary construction or changes in the
17 road network;

18 (iv) Reduce the frequency, number of days, or days of service for a
19 commuter bus or commuter rail route without substituting a comparable level of service,
20 unless the reduction is temporary or a result of:

21 1. A natural disaster;

22 2. Weather or other emergency conditions;

23 3. Schedule adjustments required by a third party that
24 operates service on the same right-of-way; or

25 4. Other circumstances beyond the control of the
26 Administration; or

27 (v) Establish or abandon a rail transit station.

28 **22-107.**

1 **THE STATE OR A LOCAL JURISDICTION MAY NOT REQUIRE THE INSTALLATION**
2 **OF A DEVICE IN OR ON A PRIVATELY OWNED VEHICLE TO FACILITATE THE**
3 **REPORTING OF THE NUMBER OF VEHICLE MILES TRAVELED.**

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
5 1, 2026.