February 5, 2020

The Honorable Chairman Guy Guzzone
Senate Budget and Taxation Committee
Miller Senate Building, Room 3 West
11 Bladen Street
Annapolis, MD 21401

Senator Justin Ready Testimony
Senate Bill 331 – Vehicle-Miles-Traveled Tax and Associated Mandated Devices - Prohibition

Chairman Guzzone, Vice Chairman Rosapepe, and members of the Budget and Tax Committee, before you is Senate Bill 331, which would prohibit the State of Maryland from imposing a vehicle-miles-traveled, or per-mile, tax on drivers. It also prohibits the State and local jurisdictions from requiring the instillation of a device in or on private vehicles to facilitate the reporting of miles traveled.

Due to the introduction of hybrid, electric, and more fuel efficient vehicles, the gas tax has failed to raise enough revenue to continue the upkeep and repair of our infrastructure. Many states across the country, including our own, along with other I-95 corridor states, have been exploring other alternatives. A prominent alternative is a per-mile tax. There are a number of concerns that should be associated with this proposal. The Fourth Amendment of U.S. Constitution, which we all took an oath to uphold, guarantees our right to privacy from unwarranted government intervention. In order to tax citizens per mile, the state must track their mileage. Additionally, if a tax like this were to be enacted on top of what is already one of the highest gas taxes in the country, it would be a crippling "commuter tax" on many of those who could least afford it – the working poor and middle class in outlying areas.

The disparity between rural and urban drivers is also a major concern. Rural residents would have to drive much farther that their urban counterparts and will therefore be taxed more. While the same argument can be made for the gas tax, urban drivers, often dealing with more traffic, burn gas idling. Tax per mile eliminates the revenue gained by the small, but still relevant, amount of gas burned further widening the gap between rural and urban drivers.

Originally, the idea of VMT was floated as a replacement for the gas tax. Some states have recently entered, or are beginning to enter the testing phase of the tax per mile alternative which means that for those signing up, there will be a double tax; for gas and per mile.[1] But, that is not just the case for those in the testing phase. In Oregon, the "leader" of the tax-per-mile initiative, has been on this path for a decade, and *still* its participants are double taxed.[2]

[1] https://wtop.com/dc-transit/2020/01/new-details-on-va-transportation-plan-show-fuel-efficient-car-fee-speed-cameras-more/
[2] https://www.governing.com/topics/transportation-infrastructure/gov-oregon-gets-company-testing-gas-tax-alternatives.html

Oregon has also yet to figure out how to handle out of state drivers. At present, fourteen western states are trying to figure out how to make that work so residents are not quadruple taxed; by CA gas, CA miles, Oregon miles, and Oregon gas.[3]

A better future alternative to the funding issues caused by lighter, more efficient and electric vehicles could be to explore what Utah has done – assessing fees on hybrids at point of sale and registration renewal to recoup the estimated $4 million annually that the state loses in gas tax revenue.

We should make a clear statement that mileage tracking and double-taxation of gasoline is not the right move for our state.

I respectfully request a favorable report on Senate Bill 331

[3] https://www.columbian.com/news/2019/jul/24/in-our-view-pump-primed-for-alternative-to-state-gas-tax/