
February 28, 2024

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis MD 21401

Re: Letter of Opposition – Senate Bill 841 – Transportation - Motor Fuel Tax Rates, Vehicle-Miles-Traveled Tax, and Farebox Recovery Requirement (Transportation Equity, Fairness, and Privacy Act of 2024)

Dear Chair Guzzone and Committee Members:

The Maryland Department of Transportation respectfully opposes Senate Bill 841 and offers the following information for the Committee’s consideration.

Senate Bill 841 would prohibit the Department from pursuing mileage-based user fees and would reestablish farebox recovery requirements for the Maryland Transit Administration.

Mileage-based User Fees

The motor fuel tax has served as the primary source of funding for transportation projects in the United States for more than 100 years. However, because of increasing fuel efficiency and the shift toward electric vehicles nationwide, there is growing concern about the long-term viability of the motor fuel tax. Mileage-based user fees (MBUF) has been discussed across the country as the most likely transportation funding model to replace the motor fuel tax.

MBUF is a user fee that charges all drivers for the vehicle miles that they travel each year. Rather than using the amount of motor fuel purchased as a proxy for how much a driver utilizes the roads, MBUF charges directly for their road usage. Senate Bill 841 would prohibit the use of MBUF as a potential transportation funding option in Maryland, thus limiting Maryland’s ability to address the long-term sustainability of transportation funding.

Transit Farebox Recovery Requirements

During the 2017 legislative session, the Maryland General Assembly passed legislation (Chapters 16 and 24) repealing the Maryland Transit Administration’s (MTA) then 35% mandated fare recovery ratio. Prior to repeal, MTA had not been meeting farebox recovery requirements for many years. Since that time, the global COVID pandemic has had a profound impact on transit ridership that most transit agencies, including MTA, are still trying to recover. Senate Bill 841 reinstates the farebox recovery requirement for MTA through a phased-in schedule. To meet the requirement, MTA would either need to decrease expenditures/reduce service or increase revenues/increase fares. The average fare would need to increase by \$3.50 per ride by FY 2029.

The Honorable Guy Guzzone
Page Two

The transit fare increases under Senate Bill 841 would be significant and would likely reduce ridership for those who have other transportation options and would increase the cost of ridership to riders who have no other travel options, who would have to continue to pay the higher fares. It should be noted that survey results identified that over 50 percent of MTA's Core Bus riders have an average median household income that is less than \$25,000 and that under 20 percent have access to a private vehicle. Access to transportation is an important factor to economic mobility and to ensuring that Maryland citizens can access critical services like medical facilities and job centers. Additionally, increased reliance on transit usage is an important component of the State's ability to reduce greenhouse gas emissions.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee grant Senate Bill 841 an unfavorable report.

Respectfully submitted,

Pilar Helm
Director of Government Affairs
Maryland Department of Transportation
410-865-1090