

SB 841 – Transportation – Motor Fuel Tax Rates, Ve

Uploaded by: Danna Blum

Position: FAV



February 24, 2024

Budget and Taxation Committee
Senator Guy Guzzone
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

Re: SB 841 – Transportation – Motor Fuel Tax Rates, Vehicle–Miles–Traveled Tax, and Farebox Recovery Requirements (Transportation Equity, Fairness, and Privacy Act of 2024) - **Support**

Dear Senator Guzzone:

SB 841 would be a positive move that would block the imposition of another form of taxation and add to the business tax burden, as well as be a violation of citizens' privacy. We support the prohibiting of a miles traveled tax in Maryland.

The Carroll County Chamber of Commerce, a business advocacy organization of nearly 700 members, supports this bill and therefore, requests that you give it a favorable report.

Sincerely,

A handwritten signature in black ink that reads "Mike McMullin".

Mike McMullin
President
Carroll County Chamber of Commerce

CC: Senator Justin Ready
Delegate April Rose

SB841 Transportation Equity Written Test.pdf

Uploaded by: Justin Ready

Position: FAV

JUSTIN READY
Legislative District 5
Carroll County

MINORITY WHIP
Finance Committee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 28, 2024

Senator Justin Ready

SB 841 Transportation – Motor Fuel Tax Rates, Vehicle-Miles-Traveled Tax, and Farebox Recovery Requirements (Transportation Equity, Fairness, and Privacy Act of 2024)

Chairman Guzzone, Vice Chair Rosapepe and members of the Budget & Tax Committee:

Senate Bill 841 seeks to restore transportation equity between users of roads and public transportation. It includes, 1) repealing, beginning in 2025, future increases in motor fuel tax rates based on annual growth in the Consumer Price Index (CPI), 2) prohibiting the State or a local jurisdiction from imposing or levying a vehicle-miles-traveled tax or other similar fee, toll, or tax and 3) requiring the Maryland Transit Administration to recover a mandated percentage of operating costs for specified services through farebox revenues by FY2029.

- 1) The Transportation Infrastructure Act of 2013 requires the Comptroller to determine and announce the annual motor fuel tax rate which is currently indexed to annual change in CPI. As of July 1, 2023, the sales and use tax accounts for 47 cents or more depending on the type of fuel. With recent extreme increases in inflation, the CPI has had a significant spike. Marylanders are already struggling with the high price of gas, groceries, rent, and other essentials. Senate Bill 841 would repeal this annual increase based on CPI.
- 2) Due to the introduction of hybrid, electric, and more fuel-efficient vehicles, 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 4th Amendment of U.S. Constitution, 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 than their urban counterparts and will therefore be taxed more.

- 3) Farebox Recovery - Prior to FY2018, MTA was required to recover from fares and other operating revenues at least 35% of total operating costs for bus, light rail, and Metro subway services in the Baltimore region and all passenger railroad services under MTA control. State law further required MTA to set fare prices and collect other operating revenues in an amount sufficient to achieve this farebox recovery requirement and prohibited MTA from reducing services in order to meet the requirement. Attached you will see the Transportation Trust Fund Special Fund Spending. In FY22 MTA bus, light rail, (subway), and commuter rail operating costs were 7%, 6%, 8%, and 8% respectively. The disparity shows and attached you will see the Transportation Trust Fund Special Fund Spending showing the vast amount of subsidy that Maryland drivers are paying for the limited amount of public transportation available. It was already very high and has jumped since 2021. We need to gradually return to a 35% farebox recovery requirement phased in through 2029. SB 841 phases this in modestly, starting with 15% in FY25, rising 5% each year until reaching 35% in FY2029.

In summary, Maryland drivers are heavily taxed, face increases - perhaps double taxing, and are forced to subsidize nearly half of all transit's costs. Putting the above measures in place would ensure increased equity between Maryland gas tax payees and those using mass transit and protect the privacy of our drivers. I respectfully request a **favorable** vote on Senate Bill 841.

2024-HB1025-SB0841-Fav.pdf

Uploaded by: Nelda Fink

Position: FAV

HB1025 / SB841 – Favorable!!!

Nelda Fink

MD District 32

See charts below. At \$.47 per gallon puts Maryland 7th highest state fuel tax in the nation! Maryland consumers are Maryland residents! We are paying so much in tax in income and in sales and property taxes. We groaned last year when the 47 cent tax went into effect as a result of the last year's increase. Many people wrote to the Governor and their state legislators. Hopefully they are awake and responding favorably today.

I know in my neighborhood we cannot afford this level of fuel prices. I stay home and only go to church or to get groceries. I don't even get to visit with my dying Mom in PA because it costs \$40 per trip just to go there a short distance on only 90 miles.

The MD economy and the residents are all suffering still from the lockdowns and effects of the mandates in 2020 and 2021. And then to suffer the knockout punch of the tax hike last year was devastating to many. The price hike is experienced in all walks of life, from landscaping to groceries to shipping fees. Increases in fuel prices drive our daily budgets more than any other market sector in our society.

Give us our lives back! Please give us a favorable report on this bill!!!

From -

https://www.marylandtaxes.gov/forms/compliance_forms/MFT_RatesPerGallon.pdf

Motor Fuel Tax Rates

Combined Applicable Motor Fuel Tax Rates Per Gallon (Effective July 1, 2023)

	Gasoline	Diesel	Gasohol	Propane	LN
Combined Applicable Rate Effective July 1, 2023	0.4700	0.4775	0.4700	0.4700	0.47
Components:					
CPI Cumulative Effect	0.0750	0.0750	0.0750	0.0750	0.07
SUTE Rate	0.1600	0.1600	0.1600	0.1600	0.16
Motor Fuel Tax Rate June 30, 2013	0.2350	0.2425	0.2350	0.2350	0.23
	Methanol	Biodiesel	Aviation Gasoline	Turbine Fuel	E-8
Combined Applicable Rate Effective July 1, 2023	0.4700	0.4775	0.0700	0.0700	0.47
Components:					
CPI Cumulative Effect	0.0750	0.0750	0.0000	0.0000	0.07
SUTE Rate	0.1600	0.1600	0.0000	0.0000	0.16
Motor Fuel Tax Rate June 30, 2013	0.2350	0.2425	0.0700	0.0700	0.23

Gas Taxes

Other

State	Excise Tax	Taxes and Fees	Total
Calif.	\$0.579	\$0.2000	\$0.7790
Ill.	\$0.454	\$0.211	\$0.6650
Pa.	\$0.00	\$0.622	\$0.622
Ind.	\$0.34	\$0.2040	\$0.5440
Wash.	\$0.494	\$0.00	\$0.494
Mich.	\$0.286	\$0.1860	\$0.4720
Md.	\$0.235	\$0.138	\$0.470
N.J.	\$0.105	\$0.309	\$0.414

Above is from <https://taxfoundation.org/data/all/state/state-gas-tax-rates-2023/> and adjusted with last years price hike in Maryland.

Thank you.

Nelda Fink

SB841_MDSierraClub_unf28Feb2024.docx.pdf

Uploaded by: Josh Tulkin

Position: UNF



P.O. Box 278
Riverdale, MD 20738

Committee: Budget and Taxation

Testimony on: SB 841- Transportation - Motor Fuel Tax Rates, Vehicle-Miles-Traveled Tax, and Farebox Recovery Requirement (Transportation Equity, Fairness, and Privacy Act of 2024)

Position: Oppose

Hearing Date: February 28, 2024

The Maryland Chapter of the Sierra Club opposes SB 841. This bill would repeal a requirement that certain motor fuel tax rates be adjusted in future years based on growth in the Consumer Price Index. It would prevent state or local governments from levying a tax on vehicle miles traveled and a mileage-based user fee. It would also require the Maryland Department of Transportation (MDOT) to recover an increasing percentage of all operating expenses for public transit in the Baltimore region starting in FY 2025.

The motor fuel tax is a major source of funding in the state to support MDOT. The fuel tax revenue goes into the state's Transportation Trust Fund which supports the operation and maintenance of state transportation systems, administration, capital projects, Maryland's portion of operating and capital subsidies for the Washington Metropolitan Area Transit Authority (WMATA), and grants to Maryland's counties and Baltimore City for local transportation needs.

In adverse economic conditions and public emergencies, it is critical that we keep the state's transportation infrastructure in operation. The cost of running the transportation system is similarly affected by adverse economic conditions, such as large increases in inflation, and public emergencies, like the COVID-19 pandemic. It should also be noted that any increase in the motor fuel tax is already capped at 8%.

Even with the existing motor fuel tax, the Transportation Trust Fund is in a dire condition, which is why the Transportation Revenue and Infrastructure Needs (TRAIN) Commission was established to review and make recommendations on the prioritization and funding of transportation projects. It would be short-sighted to create exemptions for increases in the motor fuel tax and other revenue options such vehicle miles traveled and mileage-based user fees at a time when MDOT's programs are so fiscally constrained.

According to the Central Maryland Transportation Alliance's 2023 report card, only 8.5% of jobs are accessible within 1 hour using public transportation within the Baltimore region. If a farebox recovery mandate is imposed in Baltimore, it would restrict the Maryland Transit Administration in maintaining and improving the system that is needed to give residents better access to jobs, education, food, healthcare, and recreation.

We should ensure that our transportation system remains resilient in times of crises, which means ensuring stable funding sources. Therefore, we urge you to give SB 841 an unfavorable report.

Jane Lyons-Raeder
Chair, Transportation Committee
janeplyons@gmail.com

Josh Tulkin
Chapter Director
Josh.Tulkin@MDSierra.org

Founded in 1892, the Sierra Club is America's oldest and largest grassroots environmental organization. The Maryland Chapter has over 70,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.

Consumer-Reports-EV-Fee-analysis 2019.pdf

Uploaded by: Joyce Breiner

Position: UNF



**Rising Trend of Punitive Fees on Electric Vehicles
Won't Dent State Highway Funding Shortfalls but Will
Hurt Consumers**

Chris Harto and Shannon Baker-Branstetter

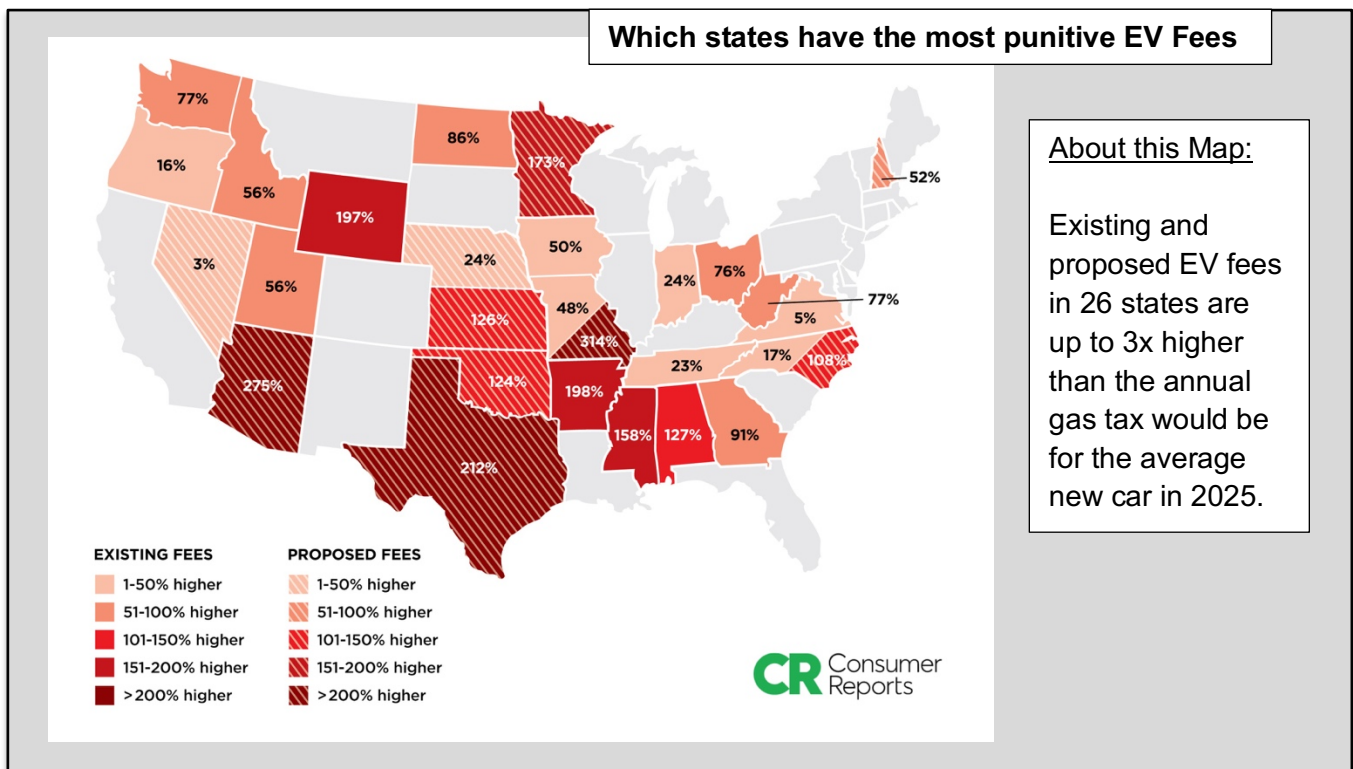
September 2019

Abstract

Some state legislatures have sought special annual fees from owners of electric vehicles (EVs) to make up for declining gas tax revenues, caused primarily by the effects of inflation and further accelerated by improving national fleetwide automotive fuel economy. This paper compares existing and proposed EV fees with the gas taxes paid by the average new gasoline vehicle to determine whether they are placing an additional tax burden on EV owners compared to non-EV owners, then estimates the effectiveness of EV fees at increasing highway funding revenues.

Key Findings

- Owners of an electric vehicle in some states could be forced to pay double, triple, or even quadruple the amount that owners of new gas-powered vehicles pay in gas taxes.
 - Seven of eight electric vehicle fees instituted or increased so far in 2019 will be extremely punitive by 2025, meaning they not only far exceed gas tax-equivalent levels in those states, but also may unfairly discourage electric vehicle adoption.
 - At least twelve states have proposed new or increased electric vehicle fees this year that have not yet passed; ten of the twelve proposed fees will require EV drivers to pay more than new gasoline powered vehicles by 2025.
 - Of states that already have electric vehicle fees, the percentage that require EV drivers to pay more than new gas-powered vehicles will increase from 42 percent to 69 percent between 2020 and 2025.
- Proposed electric vehicle fees will not make a dent in declining revenues, generating only an average of 0.04 percent of current state highway funding, and only increasing to 0.3 percent by 2025.



Introduction

Electric vehicle (EV) sales have been increasing in recent years¹ as buyers recognize the numerous consumer, public health, and environmental benefits they can provide.² EVs generally score well on Consumer Reports' road tests, with their quick acceleration making them fun to drive, and typically receive high marks in owner satisfaction surveys.³ They can also save consumers money with lower fuel and maintenance costs.⁴ Automakers increasingly recognize the benefits of EVs as well and have committed to investing at least \$300 billion worldwide over the next five to ten years to develop and manufacture EVs.⁵

However, as their popularity has increased, EVs have come into the crosshairs of state legislators seeking to make up for sagging gas tax revenues. Over time, decades of inflation and the greatly improved gas mileage being achieved by conventional gasoline-powered vehicles have reduced the amount of money that states can raise through gas taxes.⁶ Rather than increasing gas taxes or raising funds for infrastructure through other effective means, some lawmakers are instituting flat annual fees on EVs.

It is only fair that electric vehicle drivers should contribute to road construction and maintenance. And they already do: The gas tax is only a small portion of the revenues collected by a state for the purpose of building and maintaining roads, and EV drivers contribute to these purposes through other funding streams. As illustrated in Figure 1, in 2016—the latest year for which data is currently available—state gas taxes accounted for less than 29 percent of state revenues that went to highway funding (see Appendix A for a specific breakdown for each individual state). Other large sources of funding of road maintenance and construction included registration fees, tolls, and many other sources of tax revenue earmarked for highway funding, most of which are also paid by EV drivers. In addition, in most states, EV drivers are already paying a variety of taxes on the additional electricity they use.

This paper defines a maximum justifiable EV fee compared with existing gas taxes, and looks at the existing and proposed EV fees across the country to determine whether they can be justified on the basis of parity or whether they are creating an added burden on EV owners. It then estimates how much revenue these fees will raise in 2019 and 2025.

¹ <https://advocacy.consumerreports.org/research/electric-vehicle-sales-hit-new-peak-in-2018-but-a-lot-of-room-for-continued-growth/>.

² https://advocacy.consumerreports.org/press_release/evsurvey2019/.

³ <https://www.consumerreports.org/cars/tesla/model-s/2019/road-test/?pagestop>,
<https://www.consumerreports.org/cars/tesla/model-3/2019/road-test/?pagestop>,
<https://www.consumerreports.org/cars/chevrolet/bolt/2019/road-test/?pagestop>.

⁴ <https://www.energy.gov/eere/electricvehicles/saving-fuel-and-vehicle-costs>,
<https://theicct.org/publications/update-US-2030-electric-vehicle-cost>.

⁵ Reuters. "VW, China Spearhead \$300 Billion Global Drive to Electrify Cars," January 10, 2019, <https://www.reuters.com/article/us-autoshow-detroit-electric-exclusive/exclusive-vw-china-spearhead-300-billion-global-drive-to-electrify-cars-idUSKCN1P40G6>.

⁶ <https://www.nrdc.org/experts/max-baumhefner/simple-way-fix-gas-tax-forever>.

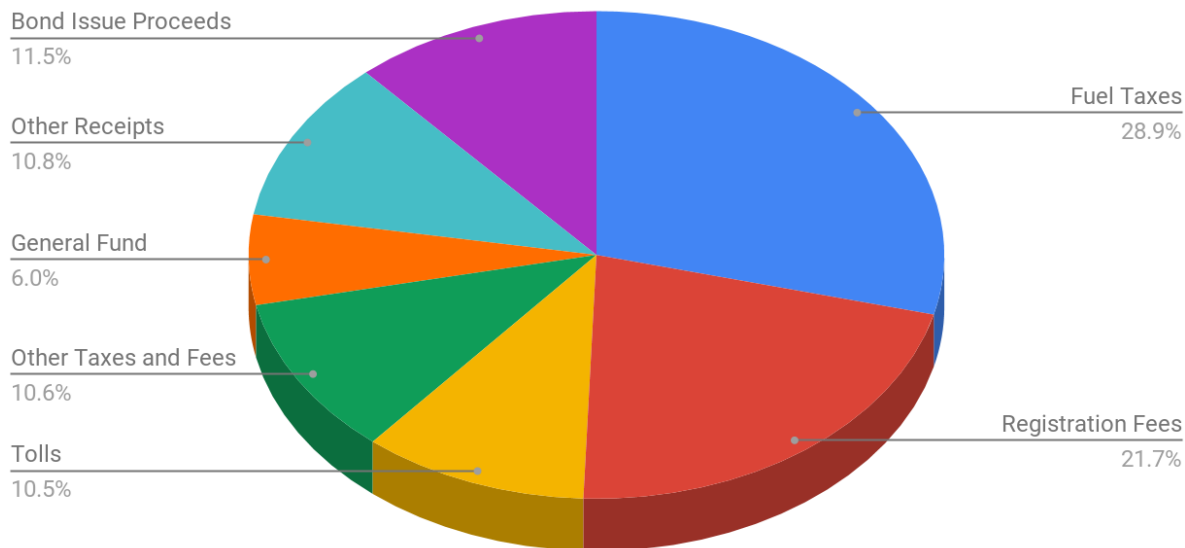


Figure 1. State highway funding by source for 2016.⁷

Approach

Defining a Maximum Justifiable EV Fee

For states that decide to institute an EV fee, there is no single answer to the question of what an appropriate EV fee should be. Though EV fees should be determined relative to the gas tax paid by a conventional vehicle, there has yet to be a consensus upon what fuel economy that comparison should be based. The Natural Resources Defense Council makes a strong case that the fee should be based upon the EPA-rated miles per gallon equivalent (MPGe).⁸ Others within the policy community suggest that comparing EVs with some of the most efficient gasoline vehicles (e.g., Toyota Prius) is appropriate. These approaches can be useful for states that want to align their tax and fee structure to reward superior vehicle efficiency.

Rather than advocating for a single approach, the purpose of this analysis is to define a “maximum justifiable fee” (MJF) as the highest level that an EV fee could be set in a given state and still be expected to provide the same highway funding revenue as the average new gasoline vehicle. There are certainly strong rationale for setting EV fees lower than the MJF,

⁷ Office of Highway Policy Information, tables HF-10 and SDF, <https://www.fhwa.dot.gov/policyinformation/statistics/2016/hf10.cfm>, <https://www.fhwa.dot.gov/policyinformation/statistics/2016/sdf.cfm>.

⁸ <https://www.nrdc.org/experts/max-baumhefner/simple-way-fix-gas-tax-forever>.

such as encouraging EV adoption and investment or reducing pollution, but any fee higher than the MJF cannot be justified in terms of raising highway funding revenue, relative to what gasoline-powered vehicles are paying. Because most EVs that will be on the road in the near term will be new or relatively new, they should be compared with other new vehicles rather than the full existing vehicle fleet. Thus, the fleet average CAFE standards for new vehicles is an appropriate metric on which to base the comparison. Any EV fee set at a level that is higher than the gas tax paid by the average new conventional gasoline-powered vehicle would disadvantage EV owners, and thus cannot be justified on the basis of fairness.

The MJF will vary by state. It is calculated for each state using the equation below:

$$\text{MJF} = \text{Average Vehicle Miles Traveled/Fuel Economy Standard} \times \text{State Gas Tax}$$

For the fuel economy standard in this equation, two values are used in this study. These are the expected average new-vehicle fuel economy based upon existing fuel economy and greenhouse gas standards for model year 2020 and model year 2025.⁹ Including 2025 allows for analysis of how the MJF is likely to change over time as the fuel economy of conventional internal combustion engine (ICE) vehicles continues to improve.

EV Fee Classification

Using the maximum justifiable fee, we classify all existing and proposed EV fees as either “punitive” or “non-punitive” depending on whether they are above or below the MJF, respectively. We further differentiate punitive fees by labeling fees that force EV drivers to pay at least 50 percent more than the average new internal combustion engine vehicle as “extremely punitive.”

Estimating EV Fee Revenues

Revenues generated from EV fees are estimated both for the current EV fleet and projecting the number of EVs in each state by 2025. The current EV fee revenues were estimated by multiplying the cumulative number of EVs that had been sold in a given state through 2018, according to the Alliance of Automobile Manufacturers.¹⁰ This value was then compared with the

⁹ Based upon the existing EPA GHG and NHTSA CAFE standards for 2020 and the existing GHG and augural CAFE standards for 2025. Specific values were estimated from tables 1-7-1-12 of EPA and NHTSA’s Preliminary Regulatory Impact Analysis for the SAFE rule, https://www.nhtsa.gov/sites/nhtsa.dot.gov/files/documents/ld_cafe_co2_nhtsa_2127-al76_epa_pria_181016.pdf.

The standards were then adjusted to account for the fact that fuel economy standards are based upon an EPA test cycle that does not reflect real-world driving. Values were adjusted down 20 percent to account for the difference between test cycle and real-world performance, consistent with what appears on new-vehicle window stickers.

¹⁰ <https://autoalliance.org/energy-environment/advanced-technology-vehicle-sales-dashboard/>.

total state spending on highway and road projects in 2016 and adjusted for inflation.¹¹ To project EV fee revenues in 2025, some conservative assumptions were made. Future EV sales were estimated based upon Bloomberg New Energy Finance's projection that EVs will account for 11 percent of the market in the U.S. by 2025.¹² The distribution of EV sales by state was assumed to stay the same as it was in 2018. State highway spending was assumed to stay the same as 2016 in real terms but is adjusted for inflation based upon the average consumer price index (CPI) over the past 20 years.¹³

Results

Figures 2 and 3 show the ratio of the existing (Figure 2) and proposed (Figure 3) EV fees to the maximum justifiable fee for each state in both 2020 and 2025 (see Appendix B for state-by-state details). They are color coded to show which fees are non-punitive, punitive, and extremely punitive. From these two figures, we can see a few trends that are moving toward overcharging EV drivers relative to ICE vehicles. The first is that over time, as fuel economy improves, EV-only fees will become much more punitive. The number of existing fees that are punitive increases from 42 percent to 69 percent between 2020 and 2025, respectively. Furthermore, the number of existing fees that are extremely punitive increases from 15 percent in 2020 to 46 percent in 2025. This means that EV drivers in 12 states will have to pay at least 50 percent more than the average new ICE vehicle in 2025.

The other clear trend is that most of the proposed fees are even more punitive than the existing fees. A full two-thirds of the proposed fees are punitive, and seven of the eight punitive proposals are extremely punitive. By 2025, 83 percent of the proposed fees will be punitive. This is also reinforced by the existing fees that have been passed or increased so far in 2019. As yet, eight states¹⁴ have passed or increased EV fees this year, and of those new fees, seven of them will be extremely punitive by 2025. This trend signals a dramatic increase in punitive fees that would also be likely to have a negative effect on consumer choice and access to the benefits of EVs.

¹¹ Including only state revenues, not including federal transfers. Data on state revenues from the Federal Highway Administration, form SF1,

<https://www.fhwa.dot.gov/policyinformation/statistics/2016/sf1.cfm>.

Inflation calculations based upon the consumer price index,

<https://www.minneapolisfed.org/community/financial-and-economic-education/cpi-calculator-information/consumer-price-index-and-inflation-rates-1913>.

¹² Bloomberg New Energy Finance Electric Vehicle Outlook 2018 (no longer available online).

¹³ Average CPI from 1999 to 2018 was 2.2 percent,

<https://www.minneapolisfed.org/community/financial-and-economic-education/cpi-calculator-information/consumer-price-index-and-inflation-rates-1913>.

¹⁴ Alabama, Arkansas, Illinois, Iowa, North Dakota, Ohio, Washington, and Wyoming.

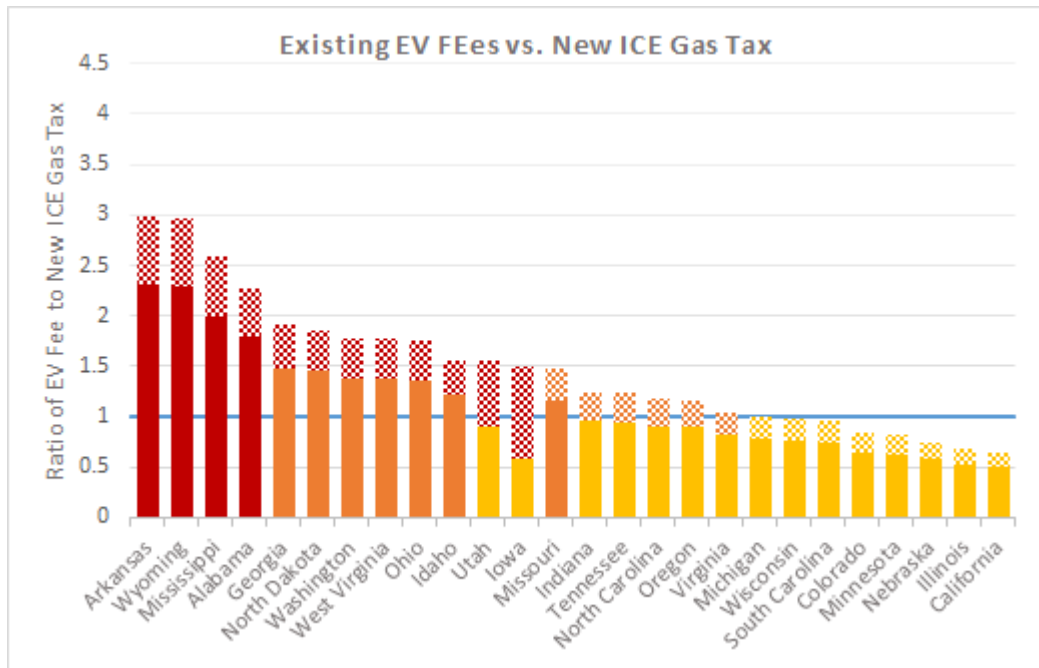


Figure 2. Ratio of existing fees to the MJF. MJF = 1 (blue line). Solid sections of the bar represent ratio in 2020. The checkered sections represent the increase in the ratio by 2025. yellow = non-punitive, orange = punitive, red = extremely punitive

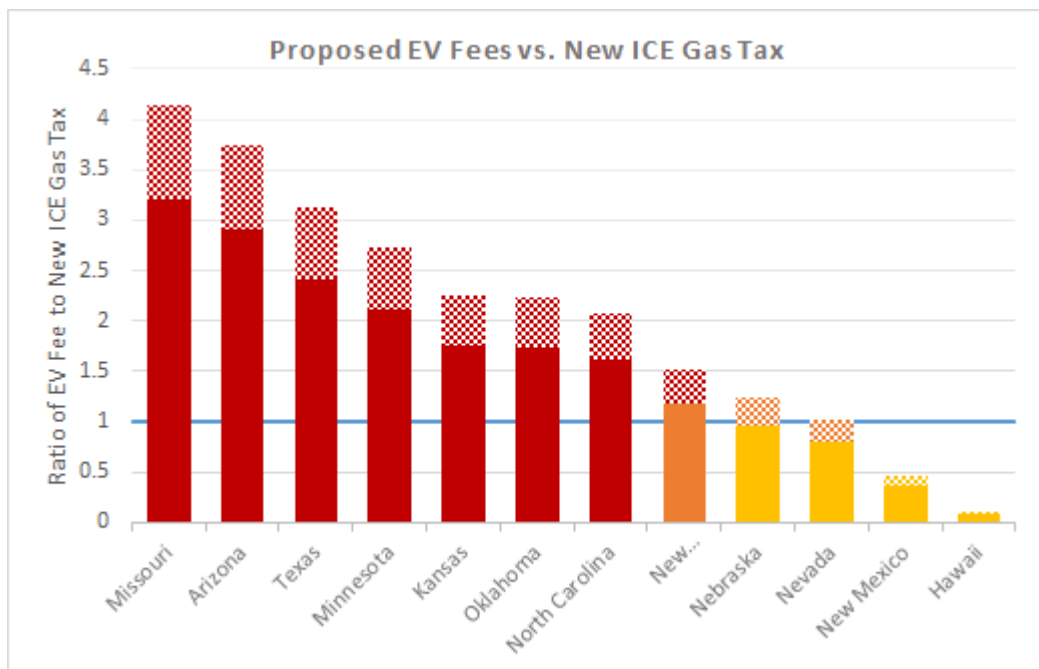


Figure 3. Ratio of proposed fees to the MJF. MJF = 1 (blue line). Solid sections of the bar represent ratio in 2020. The checkered sections represent the increase in the ratio by 2025. yellow = non-punitive, orange = punitive, red = extremely punitive

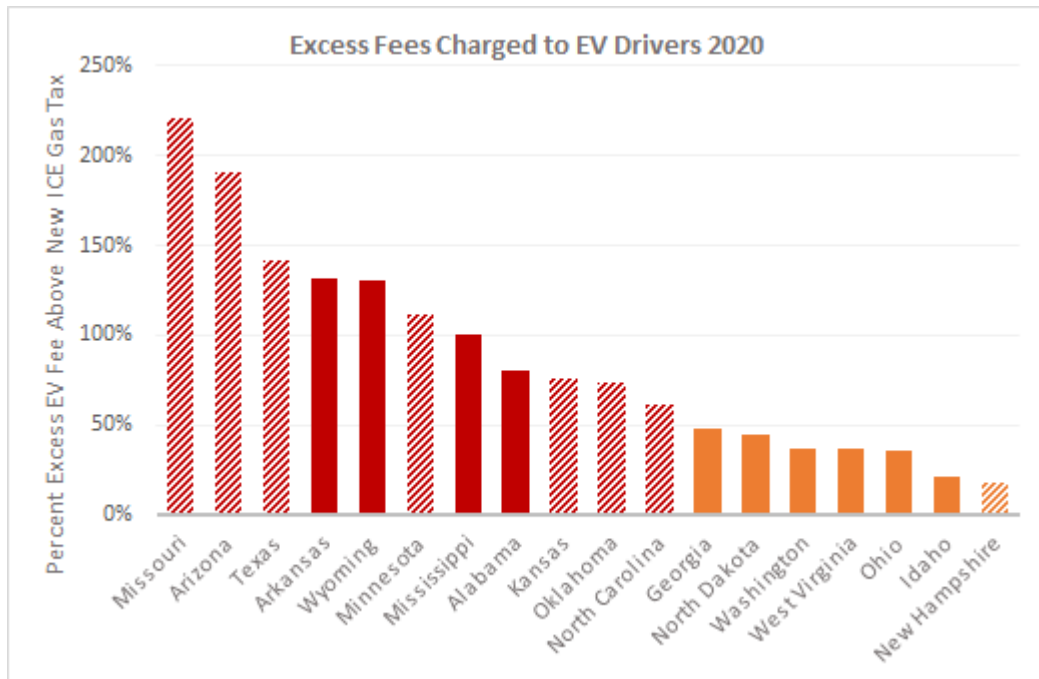


Figure 4. Percentage more that an EV driver will pay than the average new ICE vehicle in 2020. solid bar = existing fee, diagonal stripes = proposed fee

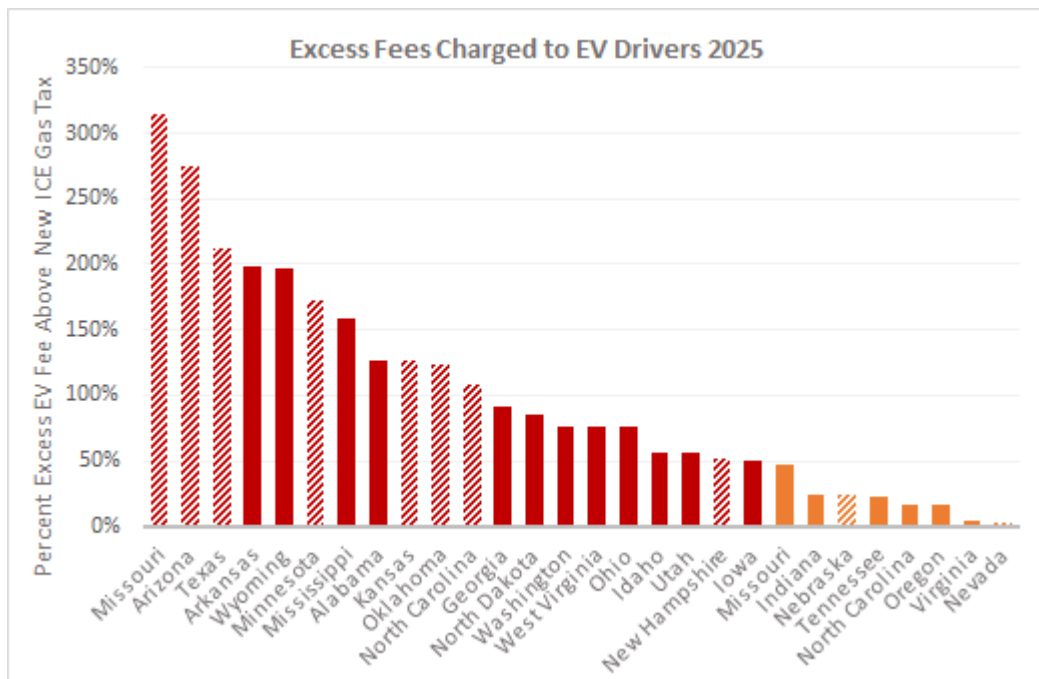


Figure 5. Percentage more that an EV driver will pay than the average new ICE vehicle in 2025. solid bar = existing fee, diagonal stripes = proposed fee

Figures 4 and 5 put the existing and proposed punitive fees on the same scale to show just how excessive some of the proposed fees really are, and how much worse they are than most of the

existing fees. These graphs show how much more (in percentage terms) an EV driver will spend on fees than the average new ICE vehicle driver will pay in gas taxes. These figures show that EV drivers in some states could be forced to pay double, triple, or even quadruple what ICE drivers have to pay in gas taxes.

Putting some of the highest fees into further context, the existing fees in Arkansas and Wyoming force EV owners to pay the equivalent of the gas tax paid by a vehicle that gets 13 miles per gallon. The highest proposed fees are in Missouri and Arizona, which would force EV buyers to pay the equivalent of the gas tax paid by vehicles that get 9 and 10 miles per gallon, respectively.

EV Fee Revenues

Putting aside the appropriateness of the levels of EV fees, there remains a question as to whether or not they are effective in achieving their goal of helping to close gaps in state highway budgets. On average, EV fees currently generate 0.04 percent of current state highway revenues¹⁵ in states where they have already been instituted. Proposed EV fees, of which two-thirds have been proposed at levels the analysis defines as extremely punitive, will also generate only an average of 0.04 percent of the current state highway funding. Looking out to 2025, even with rapid EV growth,¹⁶ existing and proposed EV fees will generate only an estimated average of less than 0.3 percent of the expected state highway revenues.

Discussion

The results show that the trend on EV fees increasingly disadvantages EV owners, while raising very little revenue to support highway construction and maintenance. Of the eight newly passed or increased EV fees so far in 2019,¹⁷ seven of them will be extremely punitive by 2025. In addition, all but two of the proposed fees will be punitive by 2025.

Even when EV fees are below the maximum justifiable fee, they are far from an ideal solution. For one, they apply uniformly to all vehicles regardless of the number of miles traveled, so an EV used for a short urban commute and driven only a few thousand miles a year pays the same as an EV used by a rideshare company and driven thousands of miles a month. The nature of flat fees is that they are inherently unfair to low-use consumers. EVs are also still a small portion of the vehicles on the roads, so these fees will not generate anywhere near enough revenue to fill the gap left by decades of underspending on our roads, with the resulting potholes and worn bridges.¹⁸ At best, EV fees will generate an average of 0.3 percent of state highway funding

¹⁵ Including only state revenues, not including federal transfers. Data on state revenues from the Federal Highway Administration, form SF1, and adjusted for inflation, <https://www.fhwa.dot.gov/policyinformation/statistics/2016/sf1.cfm>.

¹⁶ This analysis assumes that EVs achieve an 11 percent market share by 2025.

¹⁷ As of August 2, 2019, Alabama, Arkansas, Illinois, Iowa, North Dakota, Ohio, Washington, and Wyoming have passed new or updated EV fees in 2019.

¹⁸ The American Society of Civil Engineers rated America's infrastructure at a D+ in 2017, giving a rating of D to America's roadways and citing a \$800 billion backlog in capital investment needs,

revenue by 2025, an amount of revenue that won't do much to make up for the continued erosion of gas tax revenue from the combination of inflation and improving fuel economy.¹⁹ Furthermore, EV fees can also act as a deterrent to EV adoption. Research from the University of California, Davis used stated and revealed preference methods to estimate the effect of EV fees on sales and found that instituting an EV fee is likely to have a measurable impact on EV adoption, at least in the short run.²⁰

States that want to encourage EV adoption in order to help meet emissions reduction goals and spur innovation can consider avoiding EV fees altogether at minimal cost over the near term. If lawmakers decide that EV fees are the right policy for their state, they could phase in the fees slowly over several years or tie them to certain targets related to EV market share to help minimize the potential for the fees to suppress the rate of EV adoption. They can also look to other road-funding approaches that are more uniformly applied to all vehicles.²¹

There is no doubt that states need to find ways to raise more revenue to pay for transportation projects and maintenance. As they look to do so, it makes sense to consider EVs and make sure that as they grow in market share, EV drivers contribute to funding the infrastructure that they use. However, in order for funding mechanisms to be tied to actual road costs, they should take into account actual road usage, consider direct impact in terms of road damage and congestion, and not punish cleaner vehicles that make up a small portion of the market. The current and proposed EV fees fall well short on most or all of these accounts.

<https://www.infrastructurereportcard.org/>,
<https://www.infrastructurereportcard.org/wp-content/uploads/2017/01/Roads-Final.pdf>.

¹⁹ <https://www.nrdc.org/experts/max-baumhefner/simple-way-fix-gas-tax-forever>.

²⁰ <https://escholarship.org/uc/item/62f72449#main>.

²¹ For example, a vehicle miles-traveled fee as is currently being tested in Oregon,

<http://www.myorego.org/>;

congestion pricing, <https://ops.fhwa.dot.gov/publications/congestionpricing/sec2.htm>;

or more complex strategies, such as the indexed energy user fee proposed by David Greene, <https://www.sciencedirect.com/science/article/pii/S1361920911000630>.

Appendix A - State Highway Funding Sources²²

State	Gas Tax	Registration Fees	Tolls	General Fund	Other Revenue ²³	Bonds
Alabama	60.7%	16.1%	0.0%	17.9%	5.3%	0.0%
Alaska	4.7%	5.9%	6.1%	49.3%	9.7%	24.4%
Arizona	34.2%	21.4%	0.0%	0.5%	43.8%	0.0%
Arkansas	42.9%	17.2%	0.0%	5.2%	34.7%	0.0%
California	34.9%	42.8%	3.1%	1.0%	11.3%	6.9%
Colorado	27.0%	47.6%	6.7%	11.3%	3.9%	3.4%
Connecticut	22.3%	10.6%	0.0%	4.7%	18.6%	43.9%
Delaware	5.1%	8.0%	14.5%	4.2%	45.9%	22.4%
Dist. of Col.	0.9%	3.5%	0.0%	68.5%	0.0%	27.1%
Florida	25.9%	19.2%	24.3%	0.0%	20.5%	10.1%
Georgia	65.6%	4.4%	0.6%	19.7%	7.1%	2.6%
Hawaii	31.5%	66.7%	0.0%	0.0%	1.8%	0.0%
Idaho	50.8%	36.2%	0.0%	0.0%	6.9%	6.1%
Illinois	17.5%	19.2%	24.4%	13.6%	2.7%	22.6%
Indiana	50.5%	17.6%	0.6%	7.3%	24.0%	0.0%
Iowa	37.6%	56.7%	0.0%	3.4%	2.3%	0.0%
Kansas	14.3%	6.9%	12.2%	0.0%	66.6%	0.0%
Kentucky	37.0%	36.6%	0.0%	0.4%	12.7%	13.3%
Louisiana	65.4%	16.2%	1.9%	0.0%	6.7%	9.7%
Maine	45.4%	19.2%	33.9%	0.0%	1.5%	0.0%
Maryland	14.2%	19.4%	29.2%	4.6%	17.3%	15.3%
Massachusetts	12.2%	4.1%	11.2%	14.8%	32.9%	24.8%
Michigan	37.0%	39.7%	1.9%	7.8%	11.2%	2.3%
Minnesota	16.3%	14.1%	0.0%	24.9%	27.5%	17.2%
Mississippi	48.2%	20.1%	0.0%	0.0%	9.1%	22.6%
Missouri	48.9%	22.1%	0.0%	0.2%	28.8%	0.0%

²² <https://www.fhwa.dot.gov/policyinformation/statistics/2016/sf1.cfm>.

²³ Other revenue includes any other taxes and fees that are set aside for highway funding, including sales taxes, lodging taxes, severance taxes, tobacco taxes, and other revenue sources, such as leasing rights of way for cell towers.

Montana	39.8%	41.5%	0.0%	0.0%	18.1%	0.6%
Nebraska	40.7%	11.1%	0.0%	6.0%	42.2%	0.0%
Nevada	34.1%	29.2%	0.1%	0.0%	10.9%	25.7%
New Hampshire	33.7%	13.3%	32.9%	2.9%	16.5%	0.7%
New Jersey	4.8%	11.0%	36.1%	1.9%	29.4%	16.8%
New Mexico	35.4%	47.8%	0.0%	7.7%	9.1%	0.0%
New York	9.7%	10.3%	24.8%	8.0%	28.4%	18.7%
North Carolina	49.4%	21.2%	0.6%	0.0%	28.8%	0.0%
North Dakota	32.1%	19.5%	0.0%	48.4%	0.0%	0.0%
Ohio	49.4%	22.9%	8.2%	0.3%	11.5%	7.8%
Oklahoma	10.6%	17.3%	10.2%	0.0%	61.9%	0.0%
Oregon	43.2%	46.5%	0.0%	5.7%	4.6%	0.0%
Pennsylvania	31.0%	9.7%	13.0%	13.3%	11.7%	21.3%
Rhode Island	15.8%	10.4%	8.2%	17.1%	2.7%	45.9%
South Carolina	41.1%	22.4%	1.0%	25.6%	9.9%	0.0%
South Dakota	51.6%	1.2%	0.0%	0.0%	47.1%	0.0%
Tennessee	57.0%	26.2%	0.0%	0.0%	16.7%	0.0%
Texas	28.9%	20.8%	10.2%	0.0%	27.9%	12.2%
Utah	26.6%	12.3%	0.1%	6.8%	54.2%	0.0%
Vermont	29.4%	48.7%	0.0%	15.3%	6.6%	0.0%
Virginia	17.1%	24.7%	1.8%	5.0%	44.0%	7.5%
Washington	32.1%	15.9%	7.1%	0.0%	32.4%	12.6%
West Virginia	48.7%	36.5%	11.4%	1.9%	1.5%	0.0%
Wisconsin	36.7%	24.5%	0.0%	5.0%	6.0%	27.7%
Wyoming	30.3%	19.0%	0.0%	14.3%	36.4%	0.0%
Average	29.0%	21.6%	10.5%	6.0%	21.4%	11.5%

Appendix B - Ratio of EV Fees to the Maximum Justifiable Fee (MJF)

State	Existing or Proposed EV Fee	Ratio Existing or Proposed to MJF 2020	Ratio Existing or Proposed to MJF 2025
Alabama	\$200 ²⁴	1.80	2.27
Arizona	\$198 ²⁵	2.91	3.75
Arkansas	\$200 ²⁶	2.32	2.98
California	\$100 ²⁵	0.50	0.64
Colorado	\$50 ²⁵	0.65	0.84
Georgia	\$214 ²⁵	1.48	1.91
Hawaii	\$15 ²⁵	0.08	0.11
Idaho	\$140 ²⁵	1.21	1.56
Illinois	\$100 ²⁷	0.53	0.69
Indiana	\$150 ²⁵	0.96	1.24
Iowa	\$65 ²⁸	0.58	1.50
Kansas	\$150 ²⁵	1.76	2.26
Michigan	\$135 ²⁵	0.78	1.00
Minnesota	\$75 ²⁵ /250 ²⁹	0.63/2.12	0.82/2.73
Mississippi	\$150 ²⁵	2.00	2.58
Missouri	\$75/\$210 ²⁵	1.15/3.21	1.48/4.14
Nebraska	\$75/\$125 ²⁵	0.58/0.97	0.75/1.24
Nevada	\$100 ²⁵	0.80	1.03

²⁴ Increases by \$3/year starting in 2023, <https://whnt.com/2019/03/13/rebuild-alabama-act-adds-new-registration-fee-for-ev-and-hybrid-drivers/>.

²⁵ Atlas EV Hub, "EV Fees and Gas Taxes," <https://www.atlasevhub.com/materials/laws-regulations-and-legislation/>.

²⁶ <https://www.arkansasonline.com/news/2019/mar/05/house-advances-governor-s-plan-on-road-/>.

²⁷ <https://www.chicagotribune.com/business/ct-biz-illinois-ev-fee-hike-20190603-story.html>.

²⁸ Increases to \$130 in 2022, <https://www.thegazette.com/subject/news/government/iowa-house-votes-to-add-fee-for-electric-vehicle-registration-20190417>.

²⁹ <https://www.twincities.com/2019/02/20/republican-led-tax-on-hybrid-and-electric-cars-would-be-highest-in-u-s/>.

New Hampshire	\$111 ²⁵	1.18	1.52
New Mexico	\$25 ²⁵	0.37	0.47
North Carolina	\$130/\$230 ³⁰	0.91/1.61	1.17/2.08
North Dakota	\$120 ³¹	1.45	1.86
Ohio	\$200 ³²	1.36	1.76
Oklahoma	\$150 ²⁵	1.74	2.24
Oregon	\$110 ²⁵	0.90	1.16
South Carolina	\$60 ²⁵	0.74	0.96
Tennessee	\$100 ²⁵	0.95	1.23
Texas	\$200 ³³	2.42	3.12
Utah	\$90 ³⁴	0.91	1.56
Virginia	\$64 ²⁵	0.82	1.05
Washington	\$225 ³⁵	1.37	1.77
West Virginia	\$200 ²⁵	1.37	1.77
Wisconsin	\$100 ²⁵	0.77	0.99
Wyoming	\$200 ²⁵	2.30	2.97

³⁰ <https://www.newsobserver.com/news/politics-government/article230983743.html>.

³¹ https://bismarcktribune.com/news/local/govt-and-politics/burgum-signs-bill-imposing-new-fees-for-electric-hybrid-vehicle/article_23fa778a-3c38-5931-8008-6be048050475.html.

³² <https://www.cleveland.com/datacentral/2019/04/see-how-much-ohios-gas-tax-increase-will-cost-you.html>.

³³ <https://www.houstonchronicle.com/business/energy/article/Texas-other-states-look-to-boost-fees-on-EV-s-13877118.php>.

³⁴ Increases to \$120 in 2021, <https://afdc.energy.gov/laws/12063>.

³⁵ <https://www.opb.org/news/article/washington-state-tax-credit-electric-vehicle-purchases/>.

Appendix C - EV Fee Revenue Projections

	Existing Fee - Current % of Revenue ³⁶	Proposed Fee - Current % of Revenue	Existing Fee - 2025 % of Revenue ³⁷	Proposed Fee - 2025 % of Revenue
Alabama	0.02%		0.14%	
Arizona		0.13%		0.85%
Arkansas	0.01%		0.06%	
California	0.23%		1.46%	
Colorado	0.03%		0.17%	
Georgia	0.24%		1.51%	
Hawaii		0.04%		0.24%
Idaho	0.01%		0.09%	
Illinois	0.02%		0.16%	
Indiana	0.03%		0.16%	
Iowa	0.00%		0.04%	
Kansas		0.02%		0.14%
Michigan	0.02%		0.13%	
Minnesota	0.01%	0.05%	0.09%	0.30%
Mississippi	0.00%		0.03%	
Missouri	0.02%	0.05%	0.11%	0.32%
Montana				
Nebraska	0.01%	0.01%	0.04%	0.07%
Nevada		0.04%		0.28%
New Hampshire		0.03%		0.21%
New Jersey				
New Mexico		0.00%		0.03%
North Carolina	0.03%	0.05%	0.17%	0.29%

³⁶ Based upon existing EV registrations in each state through December 2018 multiplied by the value of the EV fee divided by 2016 state highway spending adjusted using the CPI to \$2018, <https://autoalliance.org/energy-environment/advanced-technology-vehicle-sales-dashboard/>.

³⁷ Calculation based upon projecting EV sales based upon optimistic BNEF projections of EVs reaching 11 percent of market share by 2025, assuming relative state EV market share stays the same as 2018, and considering state highway funding requirements increasing at a rate of 2.2 percent/year based upon the average CPI over the past 20 years. Bloomberg New Energy Finance Electric Vehicle Outlook 2018 (no longer available online).

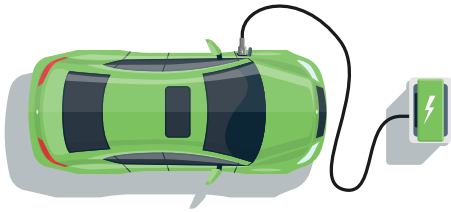
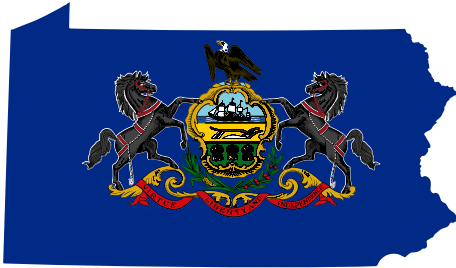
North Dakota	0.00%		0.01%	
Ohio	0.03%		0.21%	
Oklahoma		0.02%		0.13%
Oregon	0.12%		0.78%	
Rhode Island	0.00%			
South Carolina	0.01%		0.06%	
Tennessee	0.03%		0.22%	
Texas		0.04%		0.28%
Utah	0.04%		0.23%	
Virginia	0.01%		0.08%	
Washington	0.18%		1.17%	
West Virginia	0.01%		0.03%	
Wisconsin	0.02%		0.12%	
Wyoming	0.01%		0.06%	
Average	0.04%	0.04%	0.28%	0.26%

PA-EV-Fees-Fact-Sheet-June-2023.pdf

Uploaded by: Joyce Breiner

Position: UNF

NEW TAX ON ELECTRIC VEHICLE PENALIZES CONSUMERS AND WON'T SOLVE ROAD FUNDING PROBLEMS IN PENNSYLVANIA



MAXIMUM JUSTIFIABLE FEE

\$190

According to analysis by Consumer Reports.*^

* Figure determined by average state fuel taxes paid by drivers of new-gas powered vehicles in the state. Anything above this figure would be unfair to EV owners.

^ Fuel tax rates in PA are the highest of any state in the country. The fee listed is only applicable to the Commonwealth of PA and should not be used to determine EV registration fees in any other state.

EV TAXES DON'T FIX ROAD FUND SHORTALLS

Even if Pennsylvania institutes the proposed \$290 annual EV tax, the new funding would only account for 0.2% of the state's total road maintenance fund by 2025.

WHY EV TAXES ARE A POOR CHOICE

- Pennsylvania's gas tax accounts for only 31% of state's road funding.
- EV taxes can discourage consumers from purchasing a fuel-efficient or gas-free vehicle, which can save them money.
- Flat annual fees don't charge people based on the mileage they drive.
- If a state decides to institute an EV tax, it should delay implementation until EVs are widely adopted and a more sizable source of revenue.
- EV taxes are collected as a lump sum, which is especially burdensome for low-income drivers, because it does not spread out costs over time like a gas tax.

SB 841 Breiner Written Testimony Transportation_Mo

Uploaded by: Joyce Breiner

Position: UNF



Testimony to the Senate Budget and Taxation Committee
SB 841 Transportation - Motor Fuel Tax Rates, Vehicle-Miles-Traveled Tax, and Farebox Recovery
Requirement (Transportation Equity, Fairness, and Privacy Act of 2024)
Position: Unfavorable

February 19, 2024

The Honorable Guy Guzzone, Chair
3 West, Miller State Office Building, Annapolis, MD 21401

Honorable Chair Guzzone and Members of the Senate Budget and Taxation Committee:

I have been an Electric Vehicle (EV) owner since 2011 having experience with five EV makes/models. For over a decade I have been a part of and observing EV adoption in Maryland and across the United States. As such, I know it is important for me and fellow EV owners to pay a *fair share* of road taxes.

That said, the question becomes “What is my fair share?”

My understanding is that SB 841 would repeal the inflation adjustment of the gas tax. It would also specifically prohibit a vehicle-mile-tax, mile-based user fee, toll based on GPS tracking or “any other similar form of tax”. It also forbids installing a device to facilitate reporting the number of vehicle miles traveled. I also understand that the Transportation Revenue and Infrastructure Needs (TRAIN) commission was established to look into issues such as this and other questions but their recommendation report will not be delivered until the end of 2024. Meanwhile the multi-billion dollar shortfall in the Transportation Trust Fund (TTF) looms.

I am strongly opposed to this bill because it proactively prevents work best left to the TRAIN commission. The bill is not unlike those passed in other state legislatures that have disallowed the term “Climate Change” and similar phrases in consideration of environmental or other state actions.

This approach does nothing to address the TTF issue in the short term nor allows time for the TRAIN commission complete their analysis and make recommendations based on real data. In fact, it feels like an end run around any conclusions the TRAIN commission may present. Data and analysis such as the September 2019 Consumer Reports report, *Rising Trend of Punitive Fees on Electric Vehicles Won't Dent State Highway Funding Shortfalls but Will Hurt Consumers*, needs to be considered along with other data such as Consumer Reports' Fact Sheets on individual states' EV Fee actions, for example the June 2023 Fact Sheet, *New Tax On Electric Vehicle Penalizes Consumers And Won't Solve Road Funding Problems In Pennsylvania* and other data found at https://advocacy.consumerreports.org/press_release/evfees/.

This bill screams out to be voted down in favor of “waiting for the TRAIN”.

Respectfully,

Joyce K. Breiner, CC-P®



SB 841_MD Center on Economic Policy_UNF.pdf

Uploaded by: Kali Schumitz

Position: UNF

Restricting Transportation Funding Options Would Move Maryland in the Wrong Direction

Position Statement in Opposition to Senate Bill 841

Given before the Senate Budget and Taxation Committee

Modern, multimodal transportation infrastructure is one of the fundamental building blocks of Maryland's economy, but severe revenue shortfalls threaten to undermine our transportation systems for years to come. Senate Bill 841 would worsen this problem by chipping away at existing transportation revenue sources and prohibiting both state and local policymakers from pursuing new funding options. Furthermore, by either forcing fare increases or restricting transit funding, the bill both threatens economic growth and makes our transportation systems less equitable. **For these reasons, the Maryland Center on Economic Policy opposes Senate Bill 841.**

Senate Bill 841 makes three major changes to Maryland's transportation funding policies:

- Repeal inflation indexing of the motor fuel tax rate, eroding revenue over time and undermining the state's ability to maintain, repair, or expand transportation systems.
- Prohibit the state as well as local jurisdictions from enacting vehicle-miles-traveled or similar taxes, or even meaningfully studying the issue. Vehicle-miles-traveled taxes are an increasingly promising revenue option as the urgent shift to electric vehicles reduces gas tax revenues in future years.
- Require fares to cover at least 35% of transit operating and capital costs once fully phased in, which would force either major fare increases or deep cuts to transit investment. This would undermine economic growth and make our transportation systems more inequitable.

Motor fuel taxes are a common-sense way to ensure that the people who drive on Maryland roads pay their fair share to keep those roads in good condition. Fuel tax revenues are projected to total \$1.4 billion in fiscal year 2025, supplying 23% of the funding for Maryland's Transportation Trust Fund. Because this tax is structured on a per-gallon rather than per-dollar basis, the tax rate must increase modestly each year to keep up with inflation so that we have the revenue necessary to maintain our transportation networks as the cost of this maintenance rises. In 2023, the Department of Legislative Services estimated that freezing motor fuel taxes at their current rate **would reduce transportation revenue by about \$570 million over five years.**ⁱ This would substantially deepen Maryland's existing \$3 billion multiyear transportation funding hole and weaken our economy for decades to come.

As we shift from internal combustion engines to electric vehicles – an urgent step to limit the harms of climate change, and one that is now well underway – the motor fuel tax will yield less revenue over time. Vehicle-mile-

traveled and similar taxes are a promising option for funding future transportation investments. While electric vehicles do not create the same environmental damage as gas-powered vehicles, they still cause wear and tear on roadways, requiring routine maintenance and periodic repairs. Senate Bill 841 would tie the hands of both state and local policymakers, preventing them from even considering this revenue source. This is a recipe for worse commutes for Maryland residents and weaker economic growth. Highway access has ranked among corporate leaders' top-five location considerations in four of the last five years.ⁱⁱ

Imposing rigid restrictions on the composition of public transit revenues would undermine Maryland's economy. Imposing a 35% farebox recovery rate would force either major fare increases, deep funding cuts, or a combination of the two. Funding cuts would directly worsen Maryland's transit infrastructure, while higher fares would likely reduce ridership, with the same ultimate effect.ⁱⁱⁱ Research has linked the quality of transit service, urban population density, and productivity and economic growth, especially in the knowledge economy.^{iv} Furthermore, the efficiency of public transportation as well as the density it facilitates contribute to more sustainable communities. In economic terms, transit investments generate significant positive externalities that justify funding these investments with general revenues.

The rigid transit funding restrictions in Senate Bill 841 would also hinder opportunity for Marylanders of color, based on a 2021 MDCEP analysis:^v

- About one in six Black workers in Maryland take public transportation to get to work, compared to only one in 20 white workers. Workers in other racial and ethnic groups are about twice as likely to commute via transit as their white counterparts.
- On average, it takes transit commuters in Maryland just over 50 minutes to get to work each day, plus another 50 minutes to get back home. Average car commutes are a little over 30 minutes each way. Over the course of a year, this adds up to about a week of extra commuting time for a full-time worker.
- On average, workers in the Baltimore metro area can reach only 8% of jobs in the region by transit in one hour or less. By car, 100% of jobs in the Baltimore region are accessible within an hour. In fact, there are more jobs within a 20-minute drive of an average Baltimore-area worker than within an hourlong transit ride.
- In the Washington, DC, metro area (including portions outside Maryland), workers can on average reach 10% of the region's jobs in an hour via transit or 85% in an hour by car.

For a strong Maryland economy that offers opportunity for all, policymakers should strengthen transportation revenues, leave promising funding options open, maintain local revenue flexibility, and invest in sustainable, equitable transit infrastructure. Senate Bill 841 would do the opposite.

For these reasons, the Maryland Center on Economic Policy respectfully asks that the Budget and Taxation Committee make an unfavorable report on Senate Bill 841.

Equity Impact Analysis: Senate Bill 841

Bill summary

Senate Bill 841 would make three major changes to Maryland’s transportation funding policies:

- Repeal inflation indexing of the motor fuel tax rate
- Prohibit the state as well as local jurisdictions from enacting vehicle-miles-traveled or similar taxes
- Require fares to cover at least 35% of transit operating and capital costs once fully phased in

Background

The motor fuel tax is the most prominent Maryland tax subject to inflation adjustment. Fuel tax revenues are projected to total \$1.4 billion in fiscal year 2025, supplying 23% of the funding for Maryland’s Transportation Trust Fund.

Between FY 2018 and FY 2022, average Maryland Transit Administration farebox recovery rates ranged from just over 10% (Light Rail) to just over 20% (Washington Commuter Bus).^{vi}

Equity Implications

Weakening our overall ability to invest in Maryland’s transportation systems – and especially undermining transit ridership and funding – would likely worsen existing transportation inequities:

- About one in six Black workers in Maryland take public transportation to get to work, compared to only one in 20 white workers. Workers in other racial and ethnic groups are about twice as likely to commute via transit as their white counterparts.
- On average, it takes transit commuters in Maryland just over 50 minutes to get to work each day, plus another 50 minutes to get back home. Average car commutes are a little over 30 minutes each way. Over the course of a year, this adds up to about a week of extra commuting time for a full-time worker.
- On average, workers in the Baltimore metro area can reach only 8% of jobs in the region by transit in one hour or less. By car, 100% of jobs in the Baltimore region are accessible within an hour. In fact, there are more jobs within a 20-minute drive of an average Baltimore-area worker than within an hourlong transit ride.
- In the Washington, DC, metro area (including portions outside Maryland), workers can on average reach 10% of the region’s jobs in an hour via transit or 85% in an hour by car.

Impact

Senate Bill 841 would likely **worsen racial and economic equity** in Maryland.

ⁱ House Bill 730 of 2023 Fiscal and Policy Note, https://mgaleg.maryland.gov/2023RS/fnotes/bil_0000/hbo730.pdf

ⁱⁱ MDCEP analysis of *Area Development* corporate surveys, 33rd to 37th editions.

ⁱⁱⁱ Jared Brey, “Fare-Capping Policies May Increase Transit Ridership,” *Governing*, November 7, 2023, <https://www.governing.com/transportation/fare-capping-policies-may-increase-transit-ridership>

^{iv} See:

Avishai Ceder, “Urban Mobility and Public Transport: Future Perspectives and Review,” *International Journal of Urban Sciences*, 2020, <https://doi.org/10.1080/12265934.2020.1799846>

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"Economic Impact of Public Transportation Investment," American Public Transportation Association, 2020, <https://www.apta.com/wp-content/uploads/APTA-Economic-Impact-Public-Transit-2020.pdf>

Gabriel Ahlfeldt and Elisabetta Pietrostefani, "The Economic Effects of Density: A Synthesis," Centre for Economic Policy Research Discussion Paper DP13440, 2019, <https://repec.cepr.org/repec/cpr/ceprdp/DP13440.pdf>

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Chandler Duncan, Naomi Stein, Mike Brown, Sue Moses, and Darnell Grisby, "Public Transportation's Role in the Knowledge Economy," American Public Transportation Association, 2016, <https://www.apta.com/wp-content/uploads/Resources/resources/reportsandpublications/Documents/APTA-PT-Knowledge-Economy.pdf>

Daniel Chatman and Robert Noland, "Transit Service, Physical Agglomeration and Productivity in US Metropolitan Areas," *Urban Studies* 51(5), 2013, <https://doi.org/10.1177/0042098013494426>

Jaison Abel, Ishita Dey, and Todd Gabe, "Productivity and the Density of Human Capital," *Journal of Regional Science* 52(4), 2011, <https://doi.org/10.1111/j.1467-9787.2011.00742.x>

V Christopher Meyer, "Budgeting for Opportunity: Maryland's Workforce Development Policy Can Be a Tool to Remove Barriers and Expand Opportunity," Maryland Center on Economic Policy, 2021, <https://www.mdeconomy.org/budgeting-for-opportunity-workforce/>

Vi Department of Legislative Services FY 2024 budget analysis: MDOT Maryland Transit Administration

SB 841_MTBMA_UNF.pdf

Uploaded by: Michael Sakata

Position: UNF



February 28th, 2024

Senator Guy Guzzone, Chair
Budget & Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

RE: SB 841 – UNFAVORABLE – Transportation – Motor Fuels Tax Rates, Vehicle-Miles-Traveled Tax, and Farebox Recovery Requirements (Transportation Equity, Fairness, and Privacy Act of 2024)

Dear Chair Guzzone and Members of the Committee:

The Maryland Transportation Builders and Materials Association (“MTBMA”) has been and continues to serve as the voice for Maryland’s construction transportation industry since 1932. Our association is comprised of 200 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and advocate for adequate state and federal funding for Maryland’s multimodal transportation system.

Senate Bill 841 would repeal the requirement that motor fuel tax rates be adjusted each year based on the Consumer Price Index (CPI). It would also prohibit the State or any local jurisdiction from imposing a vehicle-miles traveled tax, a mileage-based user fee, a toll based on global positioning satellite tracking or any other similar tax. Lastly, it would adjust farebox recovery requirements.

MTBMA strongly opposes SB 841 and all legislation that would repeal the CPI-adjusted motor fuel tax. Since its enactment, this inflationary provision has generated an additional \$15-20 million annually for the Transportation Trust Fund over the prior year, which is critical to Maryland’s transportation program. At a time when the transportation budget has been drastically cut, we cannot see passage of bills such as SB 841. Moreover, bans on additional revenue earning options are not wise or appropriate at this time. The Commission on Transportation Revenue and Infrastructure Needs, which is still ongoing, is looking at various ways the State can create additional funding streams for transportation projects. Some of the options they have looked at, and are continuing to review and flush out, are those proposed in this bill. We must wait for them to do their research and make final recommendations before passing any legislation that would impede that.

We appreciate you taking the time to consider our request for an **UNFAVORABLE** report on SB 841.

Thank you,

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association

SB0841 - TSO - MFT, MBUF, and Farebox_OPP_FINAL.pd

Uploaded by: Patricia Westervelt

Position: UNF

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

Wilson SB 841 UNFV.pdf

Uploaded by: Scott Wilson

Position: UNF

Testimony to the Senate Budget and Taxation Committee
SB 841 Transportation - Motor Fuel Tax Rates, Vehicle-Miles-Traveled Tax, and Firebox
Recovery Requirement (Transportation Equity, Fairness, and Privacy Act of 2024)

Position: Unfavorable

25 February 2024

The Honorable Guy Guzzone, Chair
3 West, Miller Senate Office Building, Annapolis, MD 21401

Honorable Chair Guzzone and Members of the Senate Budget and Taxation Committee:

My name is Scott Wilson, and I currently drive a 2017 Chevy Bolt EV and a 2013 Nissan Leaf. I serve on the Maryland Zero Emission Electric Vehicle Infrastructure Council, and I'm also Vice President of the Electric Vehicle Association of Greater Washington DC. The following remarks are entirely on my behalf.

As an EV driver, I want nothing more than to pay my fair share in road taxes. I don't like potholes any more than the next guy.

The Maryland Commission on Transportation Revenue and Infrastructure Needs (TRAIN) took testimony last year and will make final recommendations at the end of this year. The Interim Report last January recommended only that the General Assembly consider options to collect revenue for the TTF, which I support. We should let TRAIN finish its work by allowing it to take the time to consider a broad range of funding options, most of which are already being used or piloted in other states. The General Assembly should base TTF revenue policy on the TRAIN conclusions, and not preemptively eliminate TTF funding options.

The best funding option is a solution that is both fair and which would **permanently solve TTF funding**: abolishing the gas tax and replacing it with a Road Usage Charge (RUC) also known as a Vehicle Mile Tax (VMT). A VMT is the fairest solution since it would charge vehicles in direct proportion to their road use. The more you drive, the more you pay, the less you drive, the less you pay, which is the way gas cars are taxed now. In fact, the gas tax has always been a proxy for a VMT, but that proxy is breaking down.

Testimony at TRAIN has shown that the real cause of declining TTF revenue is primarily the decrease in gasoline purchases due to increasing Corporate Average Fuel Economy (CAFE) standards in the wider fleet. CAFE standards will continue to rise, raising a fair question about whether, for example, hybrids like the Toyota Prius are or will be "paying their fair share".

It would be better to take gasoline out of the equation entirely. Charge vehicles in proportion to the amount they drive, not the amount of gas they burn.

There are many ways to phase in a VMT which includes **robust and verifiable privacy protections**, and we can learn from the states that are already doing so. Oregon¹, Utah², Virginia³, and even deep red Oklahoma⁴ all have active or pilot VMT programs. Washington, California, Nevada, Colorado, Minnesota, Pennsylvania, North Carolina, New Jersey, Delaware, Hawaii, and Maine all have VMT pilots. 20 other states, including Maryland⁵, are researching VMT programs through multi-state consortia. The National Conference of State Legislatures⁶ has shown that VMT programs are affordable, effective, and **privacy-protecting**. The TRAIN Commission has taken testimony⁷ which included VMT and has stated it will consider VMT in 2024. VMT is thus a viable potential TTF funding option, and preemptively prohibiting it would be short-sighted transportation policy.

As an EV driver, I want nothing more than to pay my fair share. Let's not get in front of the TRAIN, let's wait for the TRAIN to come in.

Thank you for your time,

Scott Wilson

¹ <https://www.myorego.org/>

² <https://roadusagecharge.utah.gov/>

³ <https://www.dmv.virginia.gov/vehicles/taxes-fees/mileage-choice>

⁴ <https://www.fairmilesok.com/>

⁵ <https://tetcoalitionmbuf.org/>

⁶ <https://www.ncsl.org/resources/details/ncsl-road-usage-charges-summit-agenda-presentations-june-2022>

⁷ Ed Regan "2023 Outlook on Fuel Tax Sustainability" at [2:12:45 https://mgaleg.maryland.gov/mgawebsite/Committees/Media/false?cmte=tri&clip=APP_8_24_2023_meeting_1&ys=2023rs](https://mgaleg.maryland.gov/mgawebsite/Committees/Media/false?cmte=tri&clip=APP_8_24_2023_meeting_1&ys=2023rs)

SB 841_MAA_UNF.pdf

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Position: UNF

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MARYLAND ASPHALT ASSOCIATION



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February 28th, 2024

Senator Guy Guzzone, Chair
Budget & Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

RE: SB 841 – UNFAVORABLE – Transportation – Motor Fuels Tax Rates, Vehicle-Miles-Traveled Tax, and Farebox Recovery Requirements (Transportation Equity, Fairness, and Privacy Act of 2024)

Dear Chair Guzzone and Members of the Committee:

The Maryland Asphalt Association (MAA) is comprised of 19 producer members representing more than 48 production facilities, 25 contractor members, 25 consulting engineer firms, and 41 other associate members. MAA works proactively with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

Senate Bill 841 would repeal the requirement that motor fuel tax rates be adjusted each year based on the Consumer Price Index (CPI). It would also prohibit the State or any local jurisdiction from imposing a vehicle-miles traveled tax, a mileage-based user fee, a toll based on global positioning satellite tracking or any other similar tax. Lastly, it would adjust farebox recovery requirements.

MAA strongly opposes SB 841 and all legislation that would repeal the CPI-adjusted motor fuel tax. Since its enactment, this inflationary provision has generated an additional \$15-20 million annually for the Transportation Trust Fund over the prior year, which is critical to Maryland's transportation program. At a time when the transportation budget has been drastically cut, we cannot see passage of bills such as SB 841. Moreover, bans on additional revenue earning options are not wise or appropriate at this time. The Commission on Transportation Revenue and Infrastructure Needs, which is still ongoing, is looking at various ways the State can create additional funding streams for transportation projects. Some of the options they have looked at, and are continuing to review and flush out, are those proposed in this bill. We must wait for them to do their research and make final recommendations before passing any legislation that would impede that.

We appreciate you taking the time to consider our request for an **UNFAVORABLE** report on SB 841.

Sincerely,

Tim E. Smith, P.E.
President
Maryland Asphalt Association