

March 6, 2025

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

RE: Letter of Information – Senate Bill 557 – Vehicle-Miles-Traveled Tax and Associated Mandated Devices - Prohibition (Transportation Freedom Act of 2025)

Dear Chair Guzzone and Committee Members,

The Maryland Department of Transportation (MDOT) takes no position on Senate Bill 557 and offers the following information for the Committee's consideration.

SB 557 would prohibit the State or a local jurisdiction from imposing or levying a vehicle-miles-traveled tax or other similar fees, tolls, or taxes; and would prohibit the State or a local jurisdiction from requiring the installation of a device in or on a privately owned vehicle to facilitate the reporting of vehicle miles traveled.

Across the transportation industry, mileage-based user fees are seen as a potential future replacement for the motor fuel tax as motor fuel tax revenues continue to decline due to the increased fuel efficiency of internal combustion engine vehicles and the growing market share of electric vehicles. While the State has no immediate plans to move toward a mileage-based user fee at this time, any outright prohibition on mileage-based user fees may limit options for the future. Mileage-based user fees are also under consideration at the national level as a future replacement for the federal gas tax. Thus, any prohibitions on implementation of mileage-based user fees may have implications for the future of both federal and state transportation revenues.

Motor carriers that operate vehicles traveling through Maryland are required by the International Fuel Tax Association (IFTA) to pay the equivalent Maryland motor carrier tax based on the number of miles traveled in Maryland, regardless of whether they purchase motor fuel in the State. Maryland is a participant in the International Registration Protocol agreement where registration fees are shared proportional to the amount of miles traveled within a state for interstate trucking. The Motor Vehicle Administration (MVA) helps administer this interstate mileage-based revenue sharing agreement. While HB 1008 expressly prohibits a vehicle-miles-traveled tax or mileage-based user fee, the MVA does not view this bill as having an effect on that reciprocal interstate agreement as it explicitly allows for this under Article - General Tax, § 9-205.

The Honorable Guy Guzzone
Page Two

The Maryland Department of Transportation respectfully requests that the Committee consider this information when deliberating Senate Bill 557.

Respectfully submitted,

Matt Mickler
Director of Government Affairs
Maryland Department of Transportation
410-865-1090