



Committee: Environment and Transportation and Appropriations

Testimony on: HB 1457 - “Alternative Fuel, Fuel-Efficient, and Electric Vehicles - Highway Use Fees”

Position: Support

Hearing Date: March 4, 2025

The Maryland Chapter of the Sierra Club supports HB 1457. This bill, modeled after a similar policy in Virginia, would help create a fairer, more sustainable source of funding for the Transportation Trust Fund (TTF) by making adjustments in fees for motorists who contribute less money to the TTF through the gas tax.

The bill would require that fuel efficient cars (including plug-in electric vehicles) with a combined fuel economy over 25 mpg pay 85% of the difference of what a 24.2 mpg car pays in gas tax (approximately \$213) and what the fuel efficient car would pay in gas tax based on its combined fuel economy rating and the the average vehicle miles traveled (VMT) of cars in the state. For example, a 30 mpg vehicle would pay approximately \$35.13 in a highway user fee and a 52 mpg vehicle (such as a hybrid) would pay approximately \$97.13 in highway user fee in addition to taxes on the gasoline they use. This fee would apply to light- and medium-duty vehicles under 26,000 pounds.

The bill repeals the \$125 surcharge on battery electric vehicles, (as well as the \$100 surcharge on plug-in hybrids) and instead requires battery electric vehicles to pay 85% of what a fuel efficient vehicle (of 25 mpg) pays in gas taxes, which would be approximately \$175. We urge the committee to dedicate a portion of the fees collected from electric vehicles to support the buildout of public charging infrastructure for electric vehicles (EVs). This would create a balanced approach to ensuring that all motorists are contributing more fairly to the Transportation Trust Fund while also improving the driving experience for motorists of EVs.

Additionally, there is an VMT opt-in program created by this bill. Under this program, motorists subject to the highway user fee could opt into a program where they can pay less in highway user fees if they drive less than the average VMT of a Maryland driver. This can help incentivize more trips on sustainable transportation modes such as public transit, walking, and biking that reduce traffic congestion and pollution. The Maryland Department of Transportation has a goal to reduce VMT 20% per capita by 2050 to meet our climate goals.

New revenue for the TTF is critical given the state is facing major budget constraints that are impacting the ability to keep our transportation system safe and reliable. The funding constraints are delaying progress on key projects that will improve access to jobs, promote economic development, and reduce vehicle emissions that harm our health and fuel the climate crisis. In September 2024, MDOT indicated there was a \$1.3 billion budget shortfall for the FY 2025-2030 transportation budget compared to the previous year’s budget. Even with the proposed \$420 million revenue package, there is still insufficient funding for the Maryland Transit Administration’s full state of good repair needs, WMATA, the expansion of Maryland’s

public transit system (including construction funding for the Red Line), and investments in electric vehicle infrastructure. Moreover, the shortfall for the Transportation Trust Fund is expected to grow worse with the new policies of the Trump Administration. Federal aid currently contributes to 21.7% of the TTF.

The bill would help address these financial constraints by providing a more sustainable source of funding for the TTF. Motorists' payments of these fees would provide benefits to the user and public by funding system preservation projects that keep our roads and highways safe, transit projects that reduce traffic congestion and air pollution, and complete streets projects that reduce injuries and fatalities on our roads.

It is critical that all transportation revenue measures are paired with reforms to prioritize funding in ways that reduce pollution, improve public health and mobility, and invest in historically underserved communities. Therefore, we strongly encourage the House to pass the Transportation Investment Priorities Act of 2025 (HB 20) and Transportation and Climate Alignment Act of 2025 (HB 84) that would help direct future spending in ways that align with the state's goals. Our support for all bills that raise funding for the Transportation Trust Fund is contingent on the Transportation and Investment Priorities Act and Transportation and Climate Alignment Act advancing at the same time. Additionally, we encourage the committee to consider charging additional fees to vehicles not subject to the highway user fee based on weight. Heavier vehicles contribute more wear and tear to the roads and are more likely to result in deadly traffic collisions.

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