

March 4, 2025

The Honorable Marc Korman
Chair, Environment and Transportation Committee
251 House Office Building
Annapolis, MD 21401

RE: Letter of Information – House Bill 1457 – Alternative Fuel, Fuel-Efficient, and Electric Vehicles - Highway Use Fees

Dear Chair Korman and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on House Bill 1457 and offers the following information for the Committee's consideration.

HB 1457 would require the Maryland Motor Vehicle Administration (MVA) to implement a vehicle-miles traveled (VMT) fee program for certain types of vehicles and a highway use fee for other types of vehicles. The affected vehicle types would include fuel-efficient that have a combined fuel-efficiency rating of at least 25 miles per gallon, plug-in hybrid electric, battery electric, and alternative fuel vehicles. Customers would voluntarily choose to enroll in a VMT payment plan or otherwise be assessed a highway use fee based on average miles driven by a Class A registered vehicle per year and the equivalent consumption in fuel by each respective vehicle class.

The MDOT and the Eastern Transportation Coalition conducted a pilot study of VMT payment plans in Spring 2024 and is continuing to work on multi-state research efforts. Further, MDOT submitted a Letter of Interest to participate in the United States Department of Transportation (USDOT) Federal Highway Administration's Transportation Access Pilot Program (APP), established under Section 13010 of the Bipartisan Infrastructure Law. As VMT and APP continue to be studied at the state and national level, the USDOT and state DOTs will need to address ways to reduce administrative challenges for customers and costs related to program implementation and as well as policy questions related to customer privacy.

Implementation of the VMT component of HB 1457 would require the MVA to establish a per-mile fee using average miles driven by Class A registered vehicles divided by the formula established in the highway user fee to determine a per-mile fee. That rate is then multiplied by the number of miles driven by a vehicle enrolled in the VMT payment plan to determine the annual fee charged. The MVA would need to create this program in a manner that allows data collection that limits location and data tracking, create limits for the use of the data and retention rules, and bars disclosure of the data except for research purposes subject to approval of an institutional board.

The Honorable Marc Korman
Page Two

Across the transportation industry, mileage-based user fees are seen as a potential alternative for the federal and state motor fuel tax as tax receipts continue to decline due to increased fuel efficiency and the growing market share of electric and alternative fuel vehicles. As of February 2025, Hawaii, Oregon, Utah, and Virginia offer a mileage-based user fee program. While the State of Maryland has no immediate plans to move toward a mileage-based user fee, any prohibitions on or mandates toward implementation of mileage-based user fees may have implications for the future of both federal and State transportation revenues in ways that cannot yet be foreseen.

For these reasons, the Maryland Department of Transportation respectfully requests that the Committee consider this information when deliberating House Bill 1457.

Respectfully submitted,

Christine E. Nizer
Administrator
Maryland Motor Vehicle Administration
410-787-7830

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