

HB_1457_Feigenbaum_fav..pdf

Uploaded by: Baruch Feigenbaum

Position: FAV

Chairman Korman, Vice Chair Boyce, and fellow Members:

My name is Baruch Feigenbaum. I am the Senior Managing Director for Transportation Policy at Reason Foundation, a non-profit think tank. For more than four decades Reason's transportation experts have been advising federal, state and local policymakers on transportation funding and financing.

Overview of Testimony

While the federal government continues to delay action on meaningful transportation funding reform, states are leading the way. Understandably, raising taxes is unpopular. And while the motor fuel tax has been a reliable funding mechanism for the past 100 years, due to the combination of an increased number of electric vehicles, an increased number of hybrid vehicles, and particularly the increased fuel efficiency of vehicles powered by internal combustion engines, the fuel tax will not be a reliable mechanism in the future. The fuel tax is like a rockstar on his farewell tour. The time to replace it with something more durable has arrived.

While states have studied multiple options ranging from statewide sales taxes to kilowatt hour fees for electric charging, two national surface transportation commissions, the National Conference of State Legislatures, and a number of transportation research organizations across the political divide have all recommended that states transition from a fuel tax to a mileage based user fee. Reason Foundation echoes that recommendation.

A road-use fee, similar to the current fuel tax, follows the users-pay/users-benefit principle. Using this principle to fund and finance transportation projects has at least five benefits:

- Fairness: Those who pay the user fees are the ones who receive most of the benefits, and those who benefit are the ones who pay. This is the same general principle used with other utilities, such as electricity and water.
- Proportionality: Those who use more highway services pay more, while those who use less pay less (and those who use none pay nothing).
- Self-limiting: The imposition of a user tax whose proceeds may only be used for the specified purpose imposes a de-facto limit on how high the tax can be: only enough to fund an agreed-upon need for investment.
- Predictability: A user fee produces a revenue stream that can and should be independent of the vagaries of government budgets.
- Investment signal: The users-pay mechanism provides a way to answer the question of how much infrastructure to build, assuming that the customers have some degree of say. With respect to toll roads, the value of the facility can be judged by how many choose to use it and what level of tolls they are willing to pay.

Maryland House Bill 1457 takes the first step to replacing the fuel tax with a mileage-based user fee. By allowing drivers of fuel-efficient vehicles the choice of paying either a sliding fee for road usage based on vehicle fuel economy or participating in a formal mileage-based user fee (MBUF) program, the bill begins the needed process of transitioning Maryland to a more sustainable road funding mechanism.

By requiring owners of electric vehicles using the highway system to pay their fair share, the legislation will have a small but real impact on Maryland's Transportation Trust Fund. While the exact amount depends on whether participants choose the annual surcharge or the mileage-based option, charging the state's approximately 127,000 electric vehicles the \$125 surcharge nets the state \$16.5 million while charging the state's 158,000 hybrid vehicles the \$100 surcharge raises \$15.8 million.

However, the bill is not primarily about raising revenue. In fact, MBUF program participants receive a discount for participating in the program. Drivers of vehicles powered by internal combustion engines would pay only 85% of the amount that they would pay in fuel taxes. This approach has been successful in encouraging MBUF adoption in other states that have tried it, such as Virginia. While this may lead to a slight revenue decrease in the short-term, it could speed the adoption of MBUFs providing a more reliable revenue source over the long-term.

Maryland is not starting from scratch on MBUFs. Other states across the country, including Oregon and Utah, already have permanent MBUF programs. Further, Maryland has already conducted a pilot to determine how MBUFs would work. The average driver would pay \$23 a month to use roads with a MBUF, the same amount as they pay in fuel taxes. Perhaps more surprising in Maryland's pilot, rural drivers paid about 9% less with MBUFs than they paid with fuel taxes. This result echoes findings from other states such as Vermont and Virginia. The reason is that rural drivers are more likely to have older, less fuel-efficient vehicles. Under the current policy, a rural, poorer driver of a Ford F-150 is effectively subsidizing a wealthier suburban and urban driver of a Toyota Prius, an odd public policy choice.

Unfortunately, there are several bills in the Legislature that would ban an MBUF system. While the authors of these bills raise understandable concerns about an MBUF program—including the concern that an MBUF might be layered on top of fuel taxes, the reality that wealthy transit users do not contribute enough revenue, or worries about privacy—each of those concerns can be mitigated.

This bill provides drivers a choice of paying an MBUF or a fuel tax. It does not charge both. And the program is completely voluntary. Nobody is required to participate in it.

I strongly agree that wealthy transit users in suburban Baltimore and Washington, D.C., should be paying more to ride transit. But dedicating portions of the Transportation Trust Fund that currently support transit to highways instead will by itself not fix the fundamental underlying problems with the fuel tax.

High-tech MBUF options use GPS signals for localization, which are sent one-way from the GPS satellite. Location is calculated on board the vehicle by a receiver using multiple satellites and GPS receivers alone cannot be used to track the vehicle. However, for those uncomfortable with high-tech options, low-tech odometer readings are another option. Maryland drivers are required to have vehicle inspections once per year. Mechanics already collect odometer data and report it to entities such as insurance companies and to the Motor Vehicle Administration. The odometer readings would not provide any entity access to data for which it does not already have access.

Thank you for the opportunity to testify on HB 1457. I'm happy to answer any question here in person or in writing.

Testimony_HB1457_CCAN_Baker.pdf

Uploaded by: Brittany Baker

Position: FAV



HB 1457- FAVORABLE

Alternative Fuel, Fuel-Efficient, and Electric Vehicles- Highway Use Fees

Testimony of Brittany Baker, Maryland Director

Chesapeake Climate Action Network (CCAN) AF

House Environment and Transportation Committee- March 4th, 2025

Dear Chair Korman, Vice Chair Boyce, and Members of the Environment and Transportation Committee,

This bill is an important measure as we move forward with the decarbonization of the transportation sector. Public transportation, walkable communities, transportation diversity, and electric vehicles are all a part of the clean transportation future. Considering that clean transportation still uses the established road network, it is important to determine a new structure for ensuring reasonable, prospective revenues for the investment, maintenance, and upkeep of our established network of roads, bridges, tunnels, and other critical transportation infrastructure.

Moving forward with the decarbonization of society requires forward thinking, commitment, and careful attention to restructuring critical systems that provide for vital public services.

Therefore, I request a favorable report on HB1457.

HB1457_Solomon_FAV

Uploaded by: Delegate Solomon Delegate Solomon

Position: FAV

JARED SOLOMON
Legislative District 18
Montgomery County

DEPUTY SPEAKER PRO TEM

Appropriations Committee

Subcommittees

Chair, Oversight Committee
on Personnel

Capital Budget

House Chair, Joint Audit and
Evaluation Committee



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THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

HB 1457 Testimony – Highway Use Fee March 4, 2025 – Environment and Transportation Committee

Chair Korman, Vice Chair Boyce, and Colleagues,

Thank you for the opportunity to present on HB 1457, legislation to establish a sustainable funding stream for transportation infrastructure funded through the Maryland Transportation Trust Fund (TTF).

Maryland currently faces a more than \$1 billion gap between the road and transit projects in the six-year Consolidated Transportation Program and the projected revenues in the state's TTF. A blue-ribbon panel, the Transportation Revenue and Infrastructure Needs Commission (the TRAIN Commission) found the state's gas tax, the primary source of transportation funding, will not be able to keep pace with inflation and basic maintenance of existing road and transit projects. The Trust Fund faces several challenges, including rising costs, declining revenues because of increased fuel-efficient cars and electric vehicle adoption, and aging infrastructure. Governor Moore recently stated "the business model is broken and needs to be fixed."¹

In order for our state to have flexibility in meeting our transportation needs and challenges, we must focus on:

1. Sustainability – provide longer-term stability to transportation funding
2. Equitability – provide an equitable way to support transportation funding
3. Economic growth – support existing and future industry critical to the overall economic health of Maryland
4. Adequacy – provide adequate revenue to support necessary transportation projects across Maryland

More than \$1.3 billion dollars of the TTF coming from the motor fuel tax, which is more than one quarter of annual trust fund revenue. By 2031, according to the Eastern Transportation Coalition and MDOT, our fuel tax revenue is projected to decline by over \$300 million. Maryland's Climate Pollution Reduction Plan seeks to reduce fossil fuel use in the state by approximately 80 percent by 2045 according to a December 28, 2023 report. This could mean a reduction down to around only 620 million gallons of fuel consumption for the state by 2045. All this means we need to figure out a better way to pay for our transportation systems over the long term and this legislation is a bridge to get that done.

¹ <https://marylandmatters.org/2024/12/31/the-stories-that-dominated-2024s-transportation-conversations-are-likely-to-repeat-in-2025/>

What does HB 1457 do?

HB 1457 creates a new Highway User Fee on fuel-efficient, alternative fuel, and electric vehicles – a tiered fee based on fuel economy. The fee is:

- Based on 85% of the difference between fuel tax paid by the average vehicle in MD (24.2 miles per gallon) and the fuel tax paid by the fuel-efficient vehicle (based on data from MDOT/MVA).
 - Assumes average miles traveled by passenger vehicles in MD and the manufacturers combined fuel economy
- Paid at the time of registration
- Applied to vehicles up to 26,000 pounds (anything over 26k is an 18-wheeler)
- Directs the Maryland Department of Transportation to develop a voluntary Mileage-Based User Fee Program
- Vehicle owner would pay a per mile fee capped at the applicable Highway User Fee determined by dividing the applicable Highway Use Fee by the average number of miles travelled by vehicles in MD

Additionally, the bill repeals the \$125 vehicle license tax for electric vehicles and the \$100 vehicle license tax for plug-in hybrid vehicles

Who is Exempt from the HUF?

- Vehicles with a combined MPG rating LESS than 25 MPG
- Autocycles
- Motorcycles
- Mopeds
- A vehicle with a gross weight greater than 26,000 pounds
- A vehicle that is owned by a governmental entity
- A vehicle registered under the [International Registration Plan \(IRP\)](#)

How is the HUF Calculated?

The HUF calculation is based on:

- The vehicle's fuel efficiency (both the average MD MPG (25) and manufacturers' combined rating)
- The fuel tax rate at the time the vehicle was registered - updated annually on July 1 – Currently 46 cents
- The yearly average number of miles driven by all Marylanders (11,245 miles)
- HUF is 85% of the difference between the fuel taxes paid by a vehicle with a 24.2 rating and fuel taxes paid by a vehicle using the manufacturer's combined MPG rating based on the average miles driven by all Marylanders

HUF = $\left[\left((11,245 \text{ average miles traveled} \times 0.46) / 24.2 \right) - \left((11,245 \text{ average miles traveled} \times 0.46) / \text{vehicle's MPG rating} \right) \right] \times 0.85$

How is the HUF Equitable?

- Under this proposal, the HUF will not apply to vehicles with less than 25 MPG, as older and less fuel-efficient vehicles pay substantially more in fuel taxes than fuel-efficient vehicles. All

vehicles will now pay their fair share of roadway and transit costs, either through the gas tax or the highway use fee.

- Zero emissions vehicles and plug-in hybrid electric vehicles will no longer be subject to an annual surcharge fee of \$125 (electric vehicles) and \$100 (plug-in hybrid vehicles) and instead will be charged an equitable and fair amount.

Thank you for your consideration and I urge a favorable report for HB 1457.

GAS TAX INEQUITIES:

Examples of the decline and inequity in gas tax revenue based on fuel efficiency improvements:

Toyota Camry			
Model Year	MPG	Tax Paid	Less Fuel Tax
2004	23.5	\$ 220.11	
2014	28	\$ 184.74	(16%)
2024	32	\$ 161.65	(27%)
2024 Hybrid	52	\$ 99.48	(55%)

Jeep Grand Cherokee			
Model Year	MPG	Tax Paid	Less Tax Paid
2004	16	\$ 323.29	
2014	20	\$ 258.64	(20%)
2024	22	\$ 235.12	(27%)
2024 Hybrid	56	\$ 92.37	(71%)

Honda Accord			
Model Year	MPG	Tax Paid	Less Tax Paid
2004	24	\$ 215.53	
2014	29	\$ 178.37	(17%)
2024	32	\$ 161.65	(25%)
2024 Hybrid	48	\$ 107.76	(50%)

Ford F150 (2WD)			
Model Year	MPG	Tax Paid	Less Tax Paid
2004	16	\$ 323.29	
2014	18	\$ 287.37	(11%)
2024	21	\$ 246.32	(24%)
2024 Hybrid	25	\$ 206.91	(36%)

HB1457_MDSierra_FAV_March42025.pdf

Uploaded by: Lindsey Mendelson

Position: FAV



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.

Lindsey Mendelson
Senior Transportation Campaign
Representative
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Josh Tulkin
Chapter Director
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HB 1457 - CBF - FWA.pdf

Uploaded by: Matt Stegman

Position: FWA



CHESAPEAKE BAY FOUNDATION

*Environmental Protection and Restoration
Environmental Education*

House Bill 1457

Alternative Fuel, Fuel-Efficient, and Electric Vehicles - Highway Use Fees

Date: March 4, 2025	Position: FAVORABLE W/ AMENDMENT
To: Environment and Transportation Committee Appropriations Committee	From: Matt Stegman, MD Staff Attorney

The Chesapeake Bay Foundation **SUPPORTS WITH AMENDMENT** House Bill 1457, which would repeal the annual registration surcharge on zero-emission or plug-in electric vehicles and replace it with a highway use fee. The bill would also establish a voluntary Mileage-Based user Fee Program to be administered by the Department of Transportation. While zero-emission, hybrid, and plug-in electric vehicles have benefits to the environment because they consume less to no fossil fuels, these vehicles put at least the same wear-and-tear on Maryland roads as their gasoline-powered counterparts. HB 1457 seeks to replace the current registration surcharge with a funding mechanism that more closely aligns with the maintenance needs of our transportation infrastructure. This change seems wise in light of Maryland's present transportation funding shortfalls.

Maryland's motor fuel tax not only supports transportation infrastructure, it is also one of the primary funding sources for Chesapeake Bay restoration efforts supported by the Atlantic and Coastal Bays 2010 Trust Fund and the Waterway Improvement Fund. **CBF would respectfully request that the committee consider an amendment to HB 1457 that would direct 2.3% of the revenue generated by the new highway use fee to the 2010 Trust Fund and .5% towards the Waterway Improvement Fund.** These percentages mirror what is currently provided through the motor fuel tax.

The Chesapeake and Atlantic Coastal Bays 2010 Trust Fund directly supports on-the-ground projects that address nonpoint source pollution in all regions of the state and is critical in funding agricultural practices that reduce nutrient runoff into local waterways. From FY 2009 to FY 2024, Trust Fund investments have leveraged more than \$283 million in outside funds, reduced nitrogen inputs by more than 1.5 million pounds, and prevented more than 200,000 pounds of phosphorus from reaching Bay waters.

The Waterway Improvement Fund is one of the only sources of State support for living shoreline projects. Living shorelines are a proven natural approach to protecting tidal shorelines from erosion. Living shorelines are the only shoreline stabilization approach that can naturally adapt to rising sea levels, preventing flooding and property loss. Sea level rise threatens more than 110,500 homes in the Chesapeake region, with estimated losses topping \$34 billion. Waterway Improvement Funds will be needed more than ever in future years to support climate resiliency and maintain our waterways.

For these reasons, CBF urges the Committee's SUPPORT WITH AMENDMENT report for HB 1457.

For more information, please contact Matt Stegman, Maryland Staff Attorney, at mstegman@cbf.org.

Maryland Office • Philip Merrill Environmental Center • 6 Herndon Avenue • Annapolis • Maryland • 21403

MGA 2025 Testimony Bill HB1457 (Highway Use Fees).

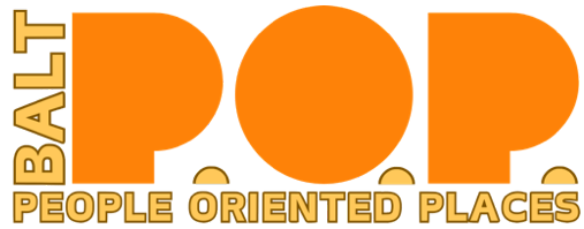
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Position: FWA

Bill: HB1457

Bill Title: Alternative Fuel, Fuel-Efficient, and Electric Vehicles - Highway Use Fees

Position: **Favorable with Amendments**



Members of the House Environment and Transportation Committee,

As a group which views automobile-centric transportation and land use as begetting a fiscally-unsustainable and people-hostile development pattern, we support HB1457.

This bill allows for the owner of a vehicle to pay a mileage-based user fee in lieu of the proposed highway use fee. It makes sense that a user's share of the cost of maintaining our highway system should be closely-tied to their direct usage of that system. Basing that usage on their vehicle miles traveled (VMT) makes sense.

With a user's fee tied to their miles traveled, the user will then be compelled to make attempts to limit their miles traveled, simply in an effort to save money. This is behavior that we should be encouraging, as our cultural tendency to depend on an automobile to get everywhere comes with many downsides, both personal and externalized.

That being said, we are very concerned with the bill's provision that the mileage-based user fee paid by a motor vehicle owner may **not** exceed the annual highway use fee that the owner would have otherwise paid. The drivers who are most likely to embrace a mileage-based fee are those who drive **less** than most. Offering this option to them makes sense, as they will put less wear and tear on our roadways and place fewer vulnerable road users at risk.

However, with a mileage-based user fee cap available, high-mileage drivers who opt for the mileage-based user fee would be able to put **greater** wear and tear on our roadways and place **more** vulnerable road users at risk - with impunity. This isn't an outcome we should allow.

The potential opportunity for a driver to save money by opting for the mileage-based user fee should serve as enough motivation to encourage adoption. Going beyond it to provide a cap to ensure those savings, in a way that comes at the expense of the rest of us, is a bad idea. We can see such a cap provided as a **one-time** courtesy to each driver, but not in perpetuity.

We hope the committee finds these points helpful and convincing and we urge its members to **vote in favor of HB1457, with our suggested amendments**. Thank you for your efforts and the opportunity for us to testify on this legislation.

[BaltPOP - Baltimoreans for People-Oriented Places](#)

Wilson HB 1457 FWA.pdf

Uploaded by: Scott Wilson

Position: FWA

Testimony to the House Environment and Transportation Committee
HB 1457 Alternative Fuel, Fuel-Efficient, and Electric Vehicles - Highway Use Fees

Position: Favorable With Amendment

The Honorable Marc Korman, Chair
Room 251, Taylor House Office Building, Annapolis, MD 21401

28 Feb 2025

Honorable Chair Korman and Members of the House Environment and Transportation Committee:

My name is Scott Wilson, and I 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 Vice President of the Electric Vehicle Association of Greater Washington DC. The following remarks are entirely on my behalf.

I support calculating a highway user fee (HUF) for high mpg cars, since the majority of the shortfall in the TTF (21% of which is funded by the gas tax) is due to steadily rising CAFE mileage standards. To paraphrase what I often hear as an EV driver, are hybrids "paying their fair share"?

I also strongly support giving EV drivers with low annual miles an optional VMT, similar to current practice in Virginia. It makes no sense to charge a driver who drives 1000 miles per year the same flat fee as one who drives 20,000 miles per year. Privacy-protecting VMT systems currently operate in Hawaii, Oregon, Utah, and Virginia, and Maryland has piloted a VMT.

My amendment would be to increase the assumed mileage of the 25 mpg reference car. If I were unable to drive an EV, would I be driving a 25 mpg (low mileage in my opinion) gas car? No, I would be driving the highest mileage hybrid I could. The bill language allows for the reference car to be *at least* 25 mpg, so it could be adjusted to be closer to the 55 mpg typical of hybrids. Also, by 2031, the average light-duty fuel economy under CAFE is projected to reach 50.4 mpg. How long will we still be linking the HUF to the 25 mpg cars of yore? Few of those cars will still be on the road. Ideally by then, gasoline will be removed entirely from the TTF funding formula and replaced with a simple linear VMT for all vehicles.

Thank you for your time,

Scott Wilson

HB1457 - MVA - LOI - Alternative Fuel, Fuel-Effici

Uploaded by: Patricia Westervelt

Position: INFO

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