



Delegate Marc Korman, Chair
Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401

March 5, 2026

RE: HB 1374 – UNFAVORABLE – Alternative Fuel, Fuel-Efficient, and Electric Vehicles – Highway Use Fees

Dear Chair Korman and Members of the Committee:

The Maryland Asphalt Association (MAA) represents approximately 110+ members, including 20 material producers, contractors, engineering firms, and associate members, supporting a 7,000-person workforce. MAA actively collaborates with regulatory agencies to advocate for the asphalt industry, ensuring fair regulations at both the state and federal levels. Additionally, we support adequate funding for Maryland's multimodal transportation system.

HB 1374 repeals the current zero-emission and plug-in electric vehicle registration surcharge and replace it with an annual highway use fee imposed on owners of alternative fuel, fuel-efficient, and electric vehicles.

This bill fundamentally alters how highway revenue is collected without regard for the fiscal predictability of the Motor Fuel Tax, which has historically funded pavement maintenance and rehabilitation. The proposed highway use fee relies on complex estimated fuel tax equivalents and mileage assessments that shift responsibility from actual fuel consumption to theoretical usage. This may disrupt planning and budgeting for critical highway programs that asphalt producers and contractors rely upon. The bill establishes a *voluntary mileage-based user fee program* alongside mandatory highway use fees. The dual structure creates administrative burdens for MDOT and vehicle owners, and introduces uncertainty in revenue timing and amounts. Infrastructure planning depends on stable revenue streams; anything that delays or undermines revenue collection will impede timely materials procurement, paving schedules, and contractor retention. Repealing the existing surcharge without clear actuarial analysis of replacement revenue undermines the predictability of funds available for highway construction and maintenance.

Maryland's transportation needs—especially asphalt pavement preservation and resurfacing—rely on sustained investment. There is no guarantee that the highway use fee structure proposed will produce equivalent or adequate revenue, especially during transition years. For these reasons, we respectfully request an unfavorable report on HB 1374.

Sincerely,

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