



**Committee: Environment and Transportation and Appropriations**

**Testimony on: HB 1374 - “Alternative Fuel, Fuel-Efficient, and Electric Vehicles - Highway Use Fees”**

**Position: Informational**

**Hearing Date: March 5, 2026**

HB 1374 is modeled after a similar policy in Virginia, and 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. 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.

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. The revenue would be dedicated to the Maryland Area Commuter Rail Service (MARC). Sierra Club supports MARC as a use of the fund. The [MARC Growth and Transformation Plan](#) would provide more accessible, frequent, all-day service, including on weekends and help the state reduce pollution from vehicle traffic. However, the plan is currently unfunded in the FY 2026-FY 2031 Consolidated Transportation Program (CTP). Adding other statewide and regional transit services as an eligible funding use would also ensure that more regions of the state would benefit from this fund. In addition, 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 EV users.

There is also a vehicle miles traveled (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.

This is one of several proposed bills that would change how certain revenues can be used for transit, transportation and electric vehicles, and other needs. This includes potentially funding WMATA with SEIF funds and targeting federal funds for certain purposes. We urge the committee to look holistically at the net impact of all these potential changes.

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