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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**HB 1374 Testimony – Highway Use Fee**  
**March 5, 2026 – Environment and Transportation Committee**

Chair Korman, Vice Chair Guyton, and Colleagues,

Thank you for the opportunity to present on HB 1374, legislation to establish a sustainable funding stream for the Maryland Area Regional Commuter Rail (MARC) service.

**What does HB 1374 do?**

HB 1374 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.

Funding from the fee is designated for the MARC rail.

## **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

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

## **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.

## **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 \(IRP\)](#)

## **Background and Need for MARC Investment**

Maryland's MARC commuter rail services, comprised of the Brunswick Line, Camden Line and Penn Line provides access to Washington, DC along with connections to Baltimore-Washington Thurgood Marshall airport. MARC ridership has grown exponentially in 2025. The latest figures show that within the first 6 month, overall ridership on the system surged by 58%. Each individual line has experienced substantial ridership growth, with the MARC Penn Line up by 52%, the Camden Line by 66% and the Brunswick Line by 85%. When comparing ridership from January through May 2025 to the same period in 2024, overall MARC ridership rose by

23%. During this time, the Penn Line increased by 20%, the Camden Line by 46.5% and the Brunswick Line by 24%.

However, Maryland's **MARC** commuter rail received a failing F grade, ranking it as one of the nation's worst. Maryland committed substantial resources to support and expand MARC during the 1990's, but since then we have failed to maintain our investment. *Trains* magazine recently used federal transit data to rate America's commuter rail systems and gave Maryland a failing F grade, ranking it as one of the nation's worst. MARC now has the worst cost efficiency, and the poorest mechanical reliability record of any medium size commuter railroad in the country. The magazine summed up its analysis of MARC by saying, "it's tough to find a silver lining."

Current federal and state funding projections reflect an approximately \$2.5 billion gap for MARC's baseline services (between FY2026 and FY2050). In addition to the baseline gap, transforming and growing MARC service will require an investment that is approximately double the cost of the baseline. With this investment, Marylanders would see significant improvement in access, frequency, service hours, and performance.

In order for our state to have flexibility in meeting our MARC train needs, we must focus on:

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

### **The Transportation Trust Fund (TTF)**

The TTF provides essential funding for both the operating and capital budgets of the Maryland Area Regional Commuter (MARC) train system. It covers costs for infrastructure improvements, expansion projects, and daily operations. More than \$1.3 billion dollars of the TTF comes 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 MARC system over the long term and this legislation is a bridge to get that done.

**Thank you for your consideration and I urge a favorable report for HB 1374.**

**GAS TAX INEQUITIES:**

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

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

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

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

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