



CHESAPEAKE BAY FOUNDATION

House Bill 1374

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

Date: March 5, 2026
To: Environment & Transportation Committee

Position: FAVORABLE W/ AMENDMENT
From: Matt Stegman,
Maryland Staff Attorney

Chesapeake Bay Foundation (CBF) **SUPPORTS WITH AMENDMENT House Bill 1374** 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 Milage-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 1374 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 considering 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 1374 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.

CBF urges the Committee's FAVORABLE WITH AMENDMENT report on HB 1374.

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

The Chesapeake Bay Foundation (CBF) is a non-profit environmental education and advocacy organization dedicated to the restoration and protection of the Chesapeake Bay. With over 200,000 members and e-subscribers, including 71,000 in Maryland alone, CBF works to educate the public and to protect the interest of the Chesapeake and its resources.