

HB1374_Solomon_FAV.pdf

Uploaded by: Jared Solomon

Position: FAV

JARED SOLOMON
Legislative District 18
Montgomery County

Government, Labor, and
Elections Committee

Chair

Oversight Committee on Personnel

House Chair

Joint Audit and Evaluation
Committee



The Maryland House of Delegates
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Annapolis, Maryland 21401
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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:

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%)

czajka_hb1374_FAV_030326.pdf

Uploaded by: Mark Czajka

Position: FAV

Subject: HB 1374 – FAVORABLE

March 3, 2026

Environment and Transportation Committee
Room 251
Taylor House Office Building
Annapolis, MD 21401

Dear Honorable Chair Marc Korman and Members of the Environment and Transportation Committee:

My name is Mark Czajka and I'm a resident of Charles County and the Director of MD Volt Inc., a Maryland EV club. I **SUPPORT** House Bill 1374 (Alternative Fuel, Fuel-Efficient, and Electric Vehicles - Highway Use Fees).

This has the potential to work if the mileage-based rate is reasonable, as it benefits EV drivers with low annual mileage. Low-mileage generally falls under 10,000 miles per year and relates to specialized pay-per-mile insurance policies.¹

If you have any questions, please feel free to contact me at mark@mdvolt.org.

Sincerely,



Mark Czajka
Waldorf, MD 20603

¹ <https://www.libertymutual.com/insurance-resources/auto/car-insurance-for-low-mileage-drivers>

Testimony in support of HB1374 - Highway Use Fees.

Uploaded by: Richard KAP Kaplowitz

Position: FAV

03/05/2026

Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON HB#1374- POSITION: FAVORABLE

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

TO: Chair Korman, Vice Chair Guyton, and members of the Environment and Transportation Committee

FROM: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of HB#1374, Alternative Fuel, Fuel-Efficient, and Electric Vehicles - Highway Use Fees

This bill will adjust how the Maryland Transportation Fund is maintained when Maryland transitions from gas powered vehicles whose purchase of gas formerly supported, by taxes on fuel, the maintenance of that fund.

The transition from gasoline-powered vehicles to electric vehicles (EVs) and more fuel-efficient cars is creating a significant, long-term challenge for transportation funding in the United States, as the primary source of revenue—the gasoline tax—declines. As more vehicles use less fuel or none at all, the funds needed for repairing roads, bridges, and highways are shrinking, creating a widening infrastructure funding gap.¹

Impact on Transportation Funding

- **Declining Revenue**
- **The Federal Highway Trust Fund**
- **State-Level Impact**
- **Long-Term Deficit**

This bill will assist Maryland by repealing the annual surcharge required to register a zero-emission vehicle or plug-in electric drive vehicle; requiring the owners of certain vehicles to pay an annual highway use fee for each vehicle registered; establishing a Highway Use Fee Account within the Transportation Trust Fund; allowing the owners of certain vehicles to participate in the Program in lieu of paying the annual highway use fee; etc.

This bill creates a more certain funding stream to replace loss gas tax revenues.

I respectfully urge this committee to return a favorable report on HB#1374.

¹ Google AI Search “loss of transportation funding from moving to non gas powered vehicles”

HB 1374 - CBF - FWA.pdf

Uploaded by: Matt Stegman

Position: FWA



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 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 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.

HB 1374_MTBMA_FWA.pdf

Uploaded by: Michael Sakata

Position: FWA



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

March 5, 2026

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

Dear Chair Korman and Members of the Committee:

The Maryland Transportation Builders and Materials Association (“MTBMA”) has been and continues to serve as the voice for Maryland’s construction transportation industry since 1932. Our association is comprised of 250 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and advocate for adequate state and federal funding for Maryland’s multimodal transportation system.

HB 1374 repeals the current annual electric vehicle surcharge and replaces it with a new annual Highway Use Fee (HUF) applicable to alternative fuel, fuel-efficient, and plug-in electric vehicles. The bill establishes a calculation formula intended to approximate foregone motor fuel tax revenue and creates a voluntary Mileage-Based User Fee Program (MБУF) that would allow eligible vehicle owners to opt to pay a per-mile fee in lieu of the annual HUF.

MTBMA supports HB 1374 with amendments to ensure the legislation fully addresses long-term Transportation Trust Fund sustainability. First, we recommend removing the provision that caps a participant’s MБУF so that it may not exceed the annual HUF otherwise owed. If the purpose of the bill is to equitably replace declining gas tax revenues, participants in the MБУF program should pay based on actual roadway usage without an artificial ceiling.

Second, we recommend amending the bill to ensure that all revenue generated under this program flows directly into the Transportation Trust Fund without restriction to a specific modal sub-account. Gas tax revenues are not limited to a single service, and HUF revenues should similarly support the full range of Maryland’s transportation infrastructure needs.

For these reasons, MTBMA respectfully requests a favorable report on HB 1374 with the recommended amendments.

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association

HB1374-ET_MACo_SWA.pdf

Uploaded by: Michael Sanderson

Position: FWA



House Bill 1374

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

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Environment and Transportation
Committee

Date: March 5, 2026

From: Kevin Kinnally & Michael Sanderson

The Maryland Association of Counties (MACo) **SUPPORTS HB 1374 WITH AMENDMENTS**. Counties take no position on the reframing of the State-levied charge on alternative vehicles, but strongly urge the State to fairly direct the revenues from either the current fee, or revised fee as proposed in this bill, through the longstanding formula to share fuel tax revenues with local governments across the state.

For decades, the State sent both its motor fuel tax and its vehicle excise tax revenues to the Gasoline and Motor Vehicle Revenue Account. From there, the distribution of "Highway User Revenues" (HUR) back to county and municipal governments fully supported local infrastructure needs. A perilous budget crisis during the great recession forced deep cuts to these shared revenues in 2009, and they have only incrementally and partially been restored.

Local governments own and maintain more than 80% of Maryland's roadways. Unlike the State, counties lack independent authority to levy broad-based transportation revenues and depend largely on HUR and local property and income taxes to maintain roads, bridges, and related infrastructure.

Any discussion of new transportation revenue mechanisms must begin with the State's long-standing obligation to restore sustainable HUR funding. Counties already operate far below pre-recession HUR levels, and a scheduled drop in fiscal 2028 would reduce HUR funding by nearly \$100 million in a single year. That reduction compounds years of underinvestment in local roads and infrastructure.

Since HB 1374 makes very plain that its user fees proposed for alternative vehicles are a practical proxy for the motor fuel tax, the longstanding policy for use of those funds should be properly honored. The State should direct these revenues the same way it does its motor fuel taxes -- through the formula for Highway User Revenues -- and properly share them with the local governments whose roads bear most of the wear and tear from the vehicles' use. Any version of HB 1374 must include this equitable plan.

For these reasons, MACo urges a **FAVORABLE WITH AMENDMENTS** report on HB 1374, to promote equitable use of motorist revenues.

HB 1374 Wilson FWA.pdf

Uploaded by: Scott Wilson

Position: FWA

Testimony to the House Environment and Transportation Committee
HB 1374 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

2 March 2026

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 use fee (HUF) for fuel efficient cars (>25 mpg), 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 standards¹. To paraphrase what I often hear as an EV driver, are 50 mpg hybrids "paying their fair share"?

I also strongly support giving EV drivers with low annual miles an optional Mileage-Based User Fee (MBUF), similar to current practice in Virginia. It makes no sense to charge a driver who drives 1000 miles per year the same EV registration surcharge as one who drives 20,000 miles per year. Privacy-protecting MBUF programs currently operate in Hawaii, Oregon, Utah, and Virginia, and MDOT has already tested out operating a MBUF.

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 gas car (low mileage in my opinion)? 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 MBUF for all registered vehicles. As an EV driver, I want nothing more than to pay my fair share.

Thank you for your time,

Scott Wilson

¹ The validity of the Trump rollbacks of CAFE mileage standards will ultimately be decided by litigation, with a decision years in the future.

HB 1374_MAA_UNF.pdf

Uploaded by: Tim Smith

Position: UNF



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

HB 1374_ Alternative Fuel, Fuel-Efficient, and EI

Uploaded by: Trudy Tibbals

Position: UNF

HB 1374: Alternative Fuel, Fuel-Efficient, and Electric Vehicles - Highway Use Fees:
Please vote to **OPPOSE** this bill.

Dear Environment & Transportation Committee:

I am writing to strongly urge you to **OPPOSE HB 1374**.

While ensuring fair contributions to road maintenance is important, this bill unfairly targets and penalizes owners of fuel-efficient and electric vehicles—the very drivers who reduce emissions, improve air quality, and lower dependence on foreign oil. Imposing a new fee on these vehicles discourages adoption of cleaner technologies at a time when Maryland should be accelerating the transition to sustainable transportation to meet climate goals and reduce pollution-related health costs.

The current surcharge was a reasonable bridge to address gas tax revenue shortfalls from higher-efficiency vehicles. Replacing it with a new highway use fee adds administrative complexity, requires costly tracking systems (especially for the mileage-based option), and risks privacy concerns with odometer or GPS monitoring. It also creates a deterrence for Maryland residents to purchase or retain fuel-efficient/EV vehicles, potentially slowing progress toward cleaner air and energy independence.

Maryland should instead explore broader, equitable road funding solutions rather than singling out environmentally friendly drivers with higher costs.

For these reasons, I respectfully ask you to **vote against HB 1374** and oppose new highway use fees that disproportionately burden owners of alternative fuel, fuel-efficient, and electric vehicles.

Thank you for your attention to this important transportation funding and environmental policy matter.

Sincerely,

Trudy Tibbals

HB1374_MDSierra_FAV_March52026 (3).pdf

Uploaded by: Lindsey Mendelson

Position: INFO



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.

Lindsey Mendelson
Senior Transportation Campaign
Representative
lindsey.mendelson@mdsierra.org

Josh Tulkin
Chapter Director
Josh.Tulkin@MDSierra.org

HB 1374 - MoCo_MCDOT_Wenger_INF (GA 26).pdf

Uploaded by: Melanie Wenger

Position: INFO



Montgomery County

Office of Intergovernmental Relations

ROCKVILLE: 240-777-6550

ANNAPOLIS: 240-777-8270

HB 1374

DATE: March 5, 2026

SPONSOR: Delegate Solomon

ASSIGNED TO: Environment and Transportation

CONTACT PERSON: Melanie Wenger (melanie.wenger@montgomerycountymd.gov)

POSITION: Informational (Montgomery County Department of Transportation)

Alternative Fuel, Fuel-Efficient, and Electric Vehicles – Highway User Fees

The Montgomery County Department of Transportation (MCDOT) supports the concept of a vehicle miles traveled (VMT) fee, which is a central component of House Bill 1374. This revenue approach may offer a promising pathway for the future of Maryland's transportation funding.

The State's Transportation Trust Fund is heavily reliant on motor vehicle fuel taxes, and the Fund's insolvency is becoming more dire as increasing numbers of Marylanders adopt fuel-efficient or fully electric vehicles. Electric vehicle registration fees should be seen as a short-term solution, as they are not reflective of a vehicle's relative use of the road network in the way that a gas tax reflects actual travel demand.

MCDOT supports the idea of a VMT fee, ideally calculated with consideration of the vehicle's weight, to better reflect each vehicle's relative use of and impact upon the road network. This "user pays" model reflects a more equitable system and a natural transition from a gasoline tax. As other states have introduced VMT fees, Maryland can integrate lessons learned related to administration, data privacy, and revenue projections.

MCDOT believes that a VMT fee could serve as an effective eventual replacement for the current gasoline tax. The voluntary VMT-based pilot program proposed in HB 1374 could establish administrative infrastructure and baseline data and offer a valuable learning opportunity to help inform Maryland's path forward with this approach.

HB1374_Hendren_info.pdf

Uploaded by: Patricia Hendren

Position: INFO



TESTIMONY OF:

Patricia Hendren, Ph.D.,

Executive Director, The Eastern Transportation Coalition

REGARDING

HB1374

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

BEFORE THE

Maryland Environment and Transportation Committee

ON

Tuesday, March 5, 2026

The Eastern Transportation Coalition

5000 College Avenue, Suite 2200

College Park, MD 20742

www.tetcoalition.org

phendren@tetcoalition.org

For more information about our work, visit:

www.tetcoalitionmbuf.org

Chairman Korman, Vice-Chair Guyton and fellow Members:

My name is Dr. Trish Hendren, and I am the Executive Director of The Eastern Transportation Coalition and a proud Marylander, born and raised. The Eastern Transportation Coalition is a partnership of 20 states and D.C. focused on connecting public agencies across modes of travel to increase safety and efficiency. Hal Kasso, former Maryland State Highway Administrator, was one of the founders of the Coalition over 30 years ago.

Today, most of us pay for transportation through the gas tax. Every time we fill up, a few cents per gallon go toward maintaining our roads and bridges.

However, as vehicles are going farther on a tank of gas, and some don't use gas at all, the link between use and payment is fraying. For example, our projections show in 2030, 85% of Maryland's gas tax decline is due to vehicles getting better gas mileage. This is NOT an electric vehicle problem.

Because of this, Maryland and other states are exploring a mileage-based user fee, or MBUF. Instead of paying based on fuel consumed, drivers would pay based on how many miles they actually drive. If you drive less, you pay less. If you drive more, you pay more, like how we pay for utilities at home.

This idea can sound crazy. People think, "Am I going to be tracked?" or "Will I pay more as a rural driver?" These are valid concerns, that's why we've conducted that's why we've conducted real-world pilots, data analysis, surveys, focus groups, and household impact analyses. This is what we've found:

People in rural areas would pay less than they do now under MBUF. Why? Today, how much you pay depends on how much gas your vehicle uses, and rural drivers on average have larger less fuel-efficient vehicles. For example, If I live in Smithsburg and drive a 2015 Ford F150, I am paying about \$20 in state fuel tax per month; under MBUF, this would go down by over \$3 a month.

Privacy concerns are grounded in MBUF being unknown. However, once people experience MBUF through our pilots, privacy concerns go down. Again Why? By offering choices that do not require location and having strict data protections in place.

Whether or not you think MBUF sounds like a good idea or not, I'm here to invite you to experience it firsthand. The Coalition is hosting a multi-state MBUF pilot right now. Visit tetcmbufpilot.org to learn more.

Why does this matter? This committee understands that investing in transportation is about protecting our quality of life. Let's do the work together to keep our systems safe, efficient, and vibrant.