
March 4, 2026

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 West Miller Senate Office Building
11 Bladen Street
Annapolis MD 21401

RE: Letter of Concern – Senate Bill 896 – Vehicle Laws – Registration Fees – Alterations

Dear Chair Guzzone and Committee members:

The Maryland Department of Transportation (MDOT) takes no position on Senate Bill 896 but offers the following concerns for the Committee’s consideration.

During the 2024 and 2025 legislative sessions, the Maryland General Assembly took action to stabilize the Transportation Trust Fund, recognizing the critical role that transportation plays in the lives of Maryland citizens every day. Among other things, Chapter 717 of 2024 implemented a multi-phase increase for vehicle registration fees. Chapter 604 of 2025 accelerated the timing of the increases. Prior to these changes, vehicle registration fees had not changed since 2004.

SB 896 would decrease vehicle registration fees for all classes of vehicles back to 2004 levels, resulting in a significant decrease of funding to the Transportation Trust Fund (TTF). The revenue reduction is approximately \$255 million per year, which would reduce funding available to support statewide transportation services and projects by at least \$1.3 billion over MDOT’s six-year capital programming period. The TTF supports State highways and bridges, multiple transit systems (MTA, MARC, Mobility, WMATA), the Port of Baltimore, BWI Marshall Airport, local transportation grants, and MVA operations.

Funds in the TTF are often used at State matches for federal transportation funding. MDOT can utilize available federal funding to fund as much as \$5 million worth of projects for each \$1 million of State funds invested in projects. To the extent that the loss of revenue associated with SB 896 results in insufficient funding for MDOT to match all federal grants, available federal funds would be left on the table and the amount of reduced services and deferred projects associated with this bill would increase.

Funds in the TTF are also used to pay debt service on MDOT’s outstanding bonds. The revenue loss from SB 896 would reduce MDOT’s bond coverage below minimum levels, requiring MDOT to implement significant reductions to ensure that it continues to meet its obligations to

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bond holders. Even with corrective action, credit rating agencies may take an adverse credit action, like a credit rating downgrade, against MDOT.

The Maryland Department of Transportation respectfully requests the Committee consider this information when deliberating Senate Bill 896.

Respectfully submitted,

Matt Mickler
Director, Office of Government Affairs
Maryland Department of Transportation
410-865-1090