
February 17, 2026

The Honorable Jheanelle K. Wilkins
Chair, Ways and Means Committee
131 Taylor House Office Building
Annapolis, MD 21401

RE: Letter of Opposition – House Bill 827 – Repair the Transportation Trust Fund Act

Dear Chair Wilkins and Committee Members,

The Maryland Department of Transportation (MDOT) respectfully opposes House Bill 827 and offers the following information for the Committee’s consideration.

House Bill 827 repeals the annual inflation adjustment to the motor fuel tax; prohibits the State from pursuing mileage-based user fees; and establishes farebox recovery requirements for the Maryland Transit Administration.

In 2013, additional transportation revenues were adopted to provide increased funding to transportation operations and projects across the state. Few transportation revenue sources in Maryland keep pace with inflation, yet all transportation expenses are impacted by inflation. The result is that transportation revenues lose their buying power over time. Concerned about this impact on the State’s transportation investments, the legislature indexed the motor fuel tax to the Consumer Price Index. This variable rate has been critical to stabilizing the State’s transportation investments over the last decade. Unfortunately, today, the State’s transportation investments face a new challenge from declining sales of motor fuel, as vehicles become more fuel efficient and the ownership of electric vehicles increases.

The six-year forecast for the Transportation Trust Fund assumes increases to the motor fuel tax rate during the forecast period in adherence with current State law. Abolishing the indexing requirement thus reduces anticipated transportation revenues by an estimated \$390 million over the six-year financial planning period and will require a deferral of projects currently in the FY 2026 to FY 2031 Consolidated Transportation Program.

Across the transportation industry, mileage-based user fees are widely seen as a potential future replacement for the motor fuel tax as the motor fuel tax revenues continue to decline due to increased fuel efficiency and the growing market share of electric vehicles. While the State has no immediate plans to move toward a mileage-based user fee, MDOT is concerned about any outright prohibition on mileage-based user fees. Mileage-based user fees are under consideration at the national level as a future replacement for the federal gas tax. Thus, any prohibitions on implementation of mileage-based user fees may have implications for the future of both federal and state transportation revenues.

The Honorable Jheanelle Wilkins
Page Two

The final provision of HB 827 establishes a farebox recovery requirement for the Maryland Transit Administration of 35% of total operating costs by FY 2031, which is phased in starting in FY 2027. This provision requires either substantial reductions to services and projects or significant increases in transit fares. Either condition will likely result in further declines in passenger levels and reduce transportation options available to Maryland citizens, including many who rely on transit to access jobs, education, and health care. As background - nationwide, the transit industry has not yet recovered from the COVID pandemic. Transit ridership and revenue remain well below pre-pandemic levels for most transit modes, although there are variations among transit modes in ridership and revenue. Across the Maryland Transit Administration, fiscal year 2025 farebox recovery was 7.4%, ranging from 2.2% for the Metro system under MTA operation to 15.0% for Commuter Bus.

The Maryland Department of Transportation respectfully requests the committee consider this information during its deliberation of House Bill 827 and issue the bill an unfavorable report.

Respectfully submitted,

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Maryland Department of Transportation
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