

HOUSE BILL 1457

R4

5lr2269

By: **Delegates Solomon, Fair, Lehman, and Palakovich Carr**

Introduced and read first time: February 7, 2025

Assigned to: Environment and Transportation and Appropriations

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of repealing the annual surcharge required to register a zero-emission
4 vehicle or plug-in electric drive vehicle in the State; requiring the owners of certain
5 alternative fuel vehicles, fuel-efficient vehicles, and plug-in electric drive vehicles
6 to pay an annual highway use fee for each vehicle registered in the State;
7 establishing a voluntary annual Mileage-Based User Fee Program within the
8 Department of Transportation; allowing the owners of certain vehicles to participate
9 in the Program in lieu of paying the annual highway use fee; requiring the
10 Department, on or before a certain date, to establish a fully operational Program;
11 and generally relating to fees paid by the owners of alternative fuel vehicles,
12 fuel-efficient vehicles, and plug-in electric drive vehicles.

13 BY renumbering

14 Article – Transportation

15 Section 11-103.4

16 to be Section 11-103.5

17 Annotated Code of Maryland

18 (2020 Replacement Volume and 2024 Supplement)

19 BY adding to

20 Article – Transportation

21 Section 11-103.4, 11-125.2, 13-956, and 13-957

22 Annotated Code of Maryland

23 (2020 Replacement Volume and 2024 Supplement)

24 BY repealing

25 Article – Transportation

26 Section 13-956

27 Annotated Code of Maryland

28 (2020 Replacement Volume and 2024 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That Section(s) 11–103.4 of Article – Transportation of the Annotated Code of Maryland be
renumbered to be Section(s) 11–103.5.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
as follows:

Article – Transportation

11–103.4.

“ALTERNATIVE FUEL VEHICLE” MEANS A MOTOR VEHICLE THAT:

**(1) IS MANUFACTURED OR MODIFIED TO USE AN ALTERNATIVE FUEL,
INCLUDING ELECTRICITY, ETHANOL, METHANOL, GASOHOL, AND PROPANE OR
NATURAL GAS, REGARDLESS OF ENERGY CONSUMPTION; AND**

**(2) IS NOT A MOTOR FUEL VEHICLE, PLUG-IN ELECTRIC DRIVE
VEHICLE, OR PLUG-IN HYBRID VEHICLE.**

11–125.2.

**“FUEL-EFFICIENT VEHICLE” MEANS A MOTOR VEHICLE THAT HAS A
COMBINED FUEL ECONOMY RATING OF AT LEAST 25 MILES PER GALLON.**

[13–956.

(a) In addition to the registration fee otherwise required by this title, the owner
of a motor vehicle shall pay an annual surcharge:

(1) On or before July 1, 2025, of:

(i) \$125.00 for each zero-emission vehicle, as defined in § 23–206.4
of this article; and

(ii) \$100.00 for each plug-in electric drive vehicle that is not a
zero-emission vehicle; and

(2) After June 30, 2025, at a rate based on the amounts established under
item (1) of this subsection adjusted for inflation as determined annually by the
Administration.

(b) The Administration shall allow for payment of a surcharge assessed under
this section:

(1) At the time the annual registration fee is paid; or

(2) In installments throughout the registration period, as determined by the Administration.

(c) The proceeds collected from the surcharge assessed under subsection (a)(1) of this section shall be deposited into the Transportation Trust Fund.

(d) If a person that owns a motor vehicle that is assessed the surcharge fails to pay the surcharge or installments, the Administration shall refuse to register or renew or transfer the registration of the motor vehicle.]

13-956.

(A) THIS SECTION DOES NOT APPLY TO:

(1) AN AUTOCYCLE, MOPED, OR MOTORCYCLE;

(2) A VEHICLE WITH A GROSS WEIGHT OVER 26,000 POUNDS;

(3) A VEHICLE THAT IS OWNED BY A GOVERNMENTAL ENTITY;

(4) A VEHICLE THAT IS REGISTERED UNDER THE INTERNATIONAL REGISTRATION PLAN; OR

(5) A VEHICLE THAT PARTICIPATES IN THE MILEAGE-BASED USER FEE PROGRAM ESTABLISHED UNDER § 13-957 OF THIS SUBTITLE.

(B) IN ADDITION TO THE REGISTRATION FEE OTHERWISE REQUIRED BY THIS TITLE, THE OWNER OF AN ALTERNATIVE FUEL VEHICLE, A FUEL-EFFICIENT VEHICLE, OR A PLUG-IN ELECTRIC DRIVE VEHICLE SHALL PAY AN ANNUAL HIGHWAY USE FEE FOR EACH MOTOR VEHICLE REGISTERED.

(C) THE HIGHWAY USE FEE SHALL BE:

(1) CALCULATED IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION;

(2) COLLECTED BY THE DEPARTMENT AT THE TIME OF VEHICLE REGISTRATION; AND

(3) DEPOSITED IN THE TRANSPORTATION TRUST FUND.

(D) (1) (I) THE SECRETARY SHALL CALCULATE THE HIGHWAY USE FEE IN ACCORDANCE WITH THIS SUBSECTION.

(II) FOR PURPOSES OF ESTIMATING THE AMOUNT OF MOTOR FUEL TAXES PAID EACH YEAR TO OPERATE A FUEL-EFFICIENT VEHICLE UNDER THIS SUBSECTION, THE SECRETARY SHALL:

1. ESTIMATE THE AVERAGE NUMBER OF MILES A CLASS A VEHICLE TRAVELS IN THE STATE EACH YEAR;

2. CALCULATE THE NUMBER OF GALLONS OF FUEL A FUEL-EFFICIENT VEHICLE USES TO TRAVEL THE ESTIMATED NUMBER OF MILES UNDER ITEM 1 OF THIS SUBPARAGRAPH; AND

3. APPLY THE MOTOR FUEL TAX RATE ESTABLISHED UNDER § 9-305(A)(2) OF THE TAX – GENERAL ARTICLE AS INCREASED BY THE COMPTROLLER UNDER §§ 9-305(B) AND 9-306 OF THE TAX – GENERAL ARTICLE.

(2) FOR A PLUG-IN ELECTRIC DRIVE VEHICLE, THE ANNUAL HIGHWAY USE FEE IS EQUAL TO 85% OF THE ESTIMATED AMOUNT OF MOTOR FUEL TAXES PAID EACH YEAR TO OPERATE A FUEL-EFFICIENT VEHICLE IN THE STATE.

(3) (I) FOR AN ALTERNATIVE FUEL VEHICLE OR A FUEL-EFFICIENT VEHICLE, THE ANNUAL HIGHWAY USE FEE IS EQUAL TO 85% OF THE DIFFERENCE BETWEEN:

1. THE ESTIMATED AMOUNT OF MOTOR FUEL TAXES PAID EACH YEAR TO OPERATE A FUEL-EFFICIENT VEHICLE IN THE STATE; AND

2. THE ESTIMATED AMOUNT OF MOTOR FUEL TAXES PAID EACH YEAR TO OPERATE THE VEHICLE BEING REGISTERED IN THE STATE.

(II) 1. FOR THE PURPOSES OF ESTIMATING THE AMOUNT OF MOTOR FUEL TAXES PAID TO OPERATE EACH VEHICLE BEING REGISTERED UNDER SUBPARAGRAPH (I)2 OF THIS PARAGRAPH, THE SECRETARY SHALL USE THE COMBINED FUEL ECONOMY RATING FOR THE MOTOR VEHICLE AS DETERMINED BY THE MANUFACTURER OF THE VEHICLE.

2. IF THE SECRETARY IS UNABLE TO DETERMINE THE MANUFACTURER'S FUEL ECONOMY FOR THE VEHICLE, THE SECRETARY SHALL USE THE FINAL ESTIMATE OF AVERAGE FUEL ECONOMY AS DETERMINED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY, OF:

1 A. ALL CARS MANUFACTURED DURING THE SAME
2 MODEL YEAR AS THE VEHICLE;

3 B. IF THE VEHICLE HAS A GROSS WEIGHT OF AT LEAST
4 6,000 POUNDS BUT LESS THAN 26,000 POUNDS, ALL TRUCKS MANUFACTURED
5 DURING THE SAME MODEL YEAR; OR

6 C. IF DATA IS NOT AVAILABLE FOR THE MODEL YEAR OF
7 THE VEHICLE BEING REGISTERED, AVAILABLE DATA FOR THE MOST RECENT MODEL
8 YEAR CLOSEST TO THE MODEL YEAR OF THE VEHICLE BEING REGISTERED.

9 (E) ON OR BEFORE JULY 1, 2025, AND EACH JULY 1 THEREAFTER, THE
10 SECRETARY SHALL UPDATE THE HIGHWAY USE FEE CALCULATED UNDER THIS
11 SECTION.

12 (F) IF THE VEHICLE IS REGISTERED FOR A PERIOD OTHER THAN 1 YEAR,
13 THE HIGHWAY USE FEE SHALL BE MULTIPLIED BY THE NUMBER OF YEARS OR
14 FRACTION OF YEARS THAT THE VEHICLE WILL BE REGISTERED.

15 (G) IF A PERSON THAT OWNS A MOTOR VEHICLE SUBJECT TO THE HIGHWAY
16 USE FEE FAILS TO PAY THE FEE, THE ADMINISTRATION SHALL REFUSE TO REGISTER
17 OR RENEW OR TRANSFER THE REGISTRATION OF THE MOTOR VEHICLE.

18 13-957.

19 (A) (1) THERE IS A VOLUNTARY MILEAGE-BASED USER FEE PROGRAM
20 IN THE DEPARTMENT.

21 (2) THE PURPOSE OF THE MILEAGE-BASED USER FEE PROGRAM IS
22 TO ALLOW THE OWNER OF A VEHICLE SUBJECT TO THE HIGHWAY USE FEE
23 ESTABLISHED UNDER § 13-956 OF THIS SUBTITLE TO PAY A MILEAGE-BASED USER
24 FEE IN LIEU OF THE HIGHWAY USE FEE.

25 (B) (1) THE DEPARTMENT SHALL ESTABLISH PROCEDURES FOR THE
26 COLLECTION OF THE MILEAGE-BASED USER FEE ON AN ANNUAL BASIS.

27 (2) FROM THE AMOUNT OF THE MILEAGE-BASED USER FEE
28 COLLECTED EACH YEAR, THE DEPARTMENT SHALL RETAIN AN AMOUNT NECESSARY
29 TO ADMINISTER THE PROGRAM AND DEPOSIT THE REMAINDER IN THE
30 TRANSPORTATION TRUST FUND.

31 (C) (1) ON OR BEFORE JULY 1 OF THE YEAR FOLLOWING THE YEAR THE
32 DEPARTMENT ESTABLISHES THE MILEAGE-BASED USER FEE PROGRAM, AND

1 EACH JULY 1 THEREAFTER, THE DEPARTMENT SHALL CALCULATE THE
2 MILEAGE-BASED USER FEE FOR THE FISCAL YEAR AS PROVIDED IN THIS
3 SUBSECTION.

4 (2) THE DEPARTMENT SHALL CALCULATE A FEE PER MILE DRIVEN BY
5 DIVIDING THE HIGHWAY USE FEE UNDER § 13-956 OF THIS TITLE BY THE ESTIMATED
6 AVERAGE NUMBER OF MILES A CLASS A VEHICLE TRAVELS IN THE STATE EACH
7 YEAR.

8 (3) THE MILEAGE-BASED USER FEE IS EQUAL TO THE NUMBER OF
9 MILES A PARTICIPANT'S VEHICLE TRAVELS DURING THE FISCAL YEAR MULTIPLIED
10 BY THE FEE PER MILE DRIVEN CALCULATED UNDER PARAGRAPH (2) OF THIS
11 SUBSECTION.

12 (D) THE MILEAGE-BASED USER FEE PAID BY A MOTOR VEHICLE OWNER MAY
13 NOT EXCEED THE ANNUAL HIGHWAY USE FEE THAT THE OWNER WOULD HAVE
14 OTHERWISE PAID UNDER § 13-956 OF THIS SUBTITLE.

15 (E) THE DEPARTMENT SHALL ESTABLISH POLICIES AND PROCEDURES TO
16 ALLOW OWNERS OF VEHICLES SUBJECT TO THE HIGHWAY USE FEE THE OPTION OF
17 PARTICIPATING IN THE MILEAGE-BASED USER FEE PROGRAM WITH VEHICLE
18 LOCATION AND DATA TRACKING LIMITATIONS, INCLUDING:

19 (1) THE REQUIREMENT THAT ANY DATA COLLECTED BE USED ONLY
20 FOR ADMINISTRATION OF THE PROGRAM;

21 (2) THE EXCLUSION OF ANY INDIVIDUAL PARTICIPANT DATA FROM
22 DISCLOSURE;

23 (3) THE REQUIREMENT THAT PROGRAM DATA HAVE A SPECIFIC AND
24 LIMITED DATA RETENTION PERIOD; AND

25 (4) THE REQUIREMENT THAT ANY RESEARCH USING AGGREGATED
26 DATA BE SUBJECT TO THE APPROVAL OF AN INSTITUTIONAL REVIEW BOARD.

27 (F) THE OWNER OF A MOTOR VEHICLE REGISTERED IN THE STATE MAY NOT
28 BE REQUIRED TO PARTICIPATE IN THE MILEAGE-BASED USER FEE PROGRAM.

29 (G) ON OR BEFORE JULY 1, 2028, THE DEPARTMENT SHALL ESTABLISH A
30 FULLY OPERATIONAL MILEAGE-BASED USER FEE PROGRAM.

31 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
32 1, 2025.