



## 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.