

Department of Legislative Services  
 Maryland General Assembly  
 2016 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

House Bill 1179

(Delegate McMillan, *et al.*)

Environment and Transportation

Judicial Proceedings

Vehicle Laws - HOV Lanes - Plug-In Electric Drive and Hybrid Vehicles

This bill authorizes qualified hybrid vehicles to use a high-occupancy vehicle (HOV) lane along the portion of U.S. Route 50 between Interstate 95/Interstate 495 and U.S. Route 301 regardless of the number of passengers, under specified circumstances. The bill also extends the current termination date for the authorization for plug-in electric drive vehicles to use *all* HOV lanes regardless of the number of passengers. The Motor Vehicle Administration (MVA), pursuant to current law, may charge a fee (not to exceed \$20) for issuing a permit. On or before January 1 of each year, MVA and the State Highway Administration (SHA) must report to the Governor and the General Assembly on the effect of the use of both plug-in electric drive vehicle and qualified hybrid vehicle permits issued on the operation of HOV lanes in Maryland.

The bill generally terminates September 30, 2018.

Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) expenditures increase by \$64,100 in FY 2017 and by \$2,700 in FY 2018 for MVA to implement the bill's requirements. Likewise, TTF revenues increase in FY 2017 and 2018 as qualified hybrid vehicle owners pay the fee established by MVA under the bill. Because the bill terminates partway through FY 2019, revenues and expenditures are only minimally affected in that year. MVA and SHA can report as required with existing resources.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SF Revenue	\$52,500	\$17,500	-	\$0	\$0
SF Expenditure	\$64,100	\$2,700	-	\$0	\$0
Net Effect	(\$11,600)	\$14,800	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

**Local Effect:** None.

**Small Business Effect:** Potential minimal.

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## **Analysis**

**Current Law/Background:** A “qualified hybrid vehicle” means an automobile that (1) meets all applicable regulatory requirements; (2) meets the current vehicle exhaust standard set under the federal Tier 2 program for gasoline-powered passenger cars under specified federal regulations; and (3) can draw propulsion energy from both gasoline or diesel fuel and a rechargeable energy storage system.

Whenever SHA designates a portion of a highway as an HOV lane, the HOV lane may be used at all times by specified plug-in electric drive vehicles that have obtained a permit from MVA as required, regardless of the number of passengers in the vehicle.

MVA, SHA, and the Department of State Police must design a permit to designate a vehicle as a plug-in electric drive vehicle authorized to use an HOV lane. MVA may charge a fee (not to exceed \$20) for issuing the permit. On the recommendation of SHA, MVA is authorized to limit the number of permits issued to ensure HOV lane operations are not degraded to an unacceptable level.

The authorization for plug-in electric drive vehicles to use HOV lanes is temporary. It was first established by Chapters 491 and 492 of 2010 for plug-in vehicles, with a termination date of September 30, 2013. However, Chapters 64 and 65 of 2013 modified the authorization to apply to plug-in electric drive vehicles and extended the original termination date through September 30, 2017, among other things. Under the bill, the termination date for the authorization for plug-in electric drive vehicles to use HOV lanes is again extended, through September 30, 2018. Plug-in electric drive vehicle owners that already obtained the HOV decal in previous years are allowed to continue to use HOV lanes for one additional year under their current decals.

**State Fiscal Effect:** MVA advises the bill’s provisions result in \$66,778 in additional expenditures between fiscal 2017 and 2018, with the bulk of expenditures in the first year. The costs to MVA include external programming, temporary personnel, purchase of HOV decals, additional equipment, and supplies and postage. Any additional internal programming changes for MVA can be done with existing resources. Minimal additional costs may be incurred in fiscal 2019.

MVA further advises that, although currently authorized under the Transportation Article to charge a fee of up to \$20 for the issuance of HOV decals to owners of plug-in electric drive vehicles, MVA does not currently do so. However, because of the anticipated influx of new vehicles that would be eligible for HOV lane usage under the bill, MVA anticipates charging a fee for the issuance of *new* decals.

As of June 30, 2015, MVA advises there were 79,513 hybrid vehicles and 5,464 plug-in electric drive vehicles registered in Maryland. In addition, as of February 26, 2016, the number of plug-in electric drive vehicles with the HOV decal was 1,187, which represents about 22% of all plug-in electric drive vehicles registered in the State.

Assuming the percentage of hybrid vehicle owners applying for the HOV decal mirrors the percentage of plug-in electric drive vehicle owners that have applied for the decal, MVA expects approximately 17,493 hybrid vehicle owners to obtain the HOV decal. However, because the bill limits the use of HOV lanes to a portion of U.S. Route 50, hybrid vehicle owners living in counties close to the affected route are likely to have the most interest in obtaining the decal.

MVA advises that approximately 40% of all vehicles in the State are registered in counties in close proximity to the affected portion of U.S. Route 50. Thus, the estimated number of hybrid vehicle owners obtaining the permit under the bill is approximately 7,000.

Given the expected number of hybrid vehicle owners seeking the HOV decal, MVA anticipates charging a \$10 fee in order to recover its costs under the bill. MVA assumes approximately 75% of such vehicle owners obtain the decal in fiscal 2017 and the other 25% do so in fiscal 2018. Thus, TTF revenues increase by \$52,500 in fiscal 2017 and by \$17,500 in fiscal 2018 as qualified hybrid vehicle owners pay the \$10 fee to obtain a decal from MVA. Minimal additional decals may be issued in fiscal 2019.

This estimate does not account for any additional decals that may be issued to owners of plug-in electric drive vehicles who may use (if they obtain a decal) all HOV lanes for one more year under the bill.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of State Police, Maryland Department of Transportation, Department of Legislative Services

**Fiscal Note History:** First Reader - March 2, 2016  
me/ljm Revised - House Third Reader - March 23, 2016

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