

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 1076

(Senator Corderman)

Budget and Taxation

Ways and Means and Economic Matters

**Sales and Use Tax – Electricity to Charge Electric Vehicles – Transportation
Trust Fund**

This bill requires the Comptroller to distribute to the Transportation Trust Fund (TTF) sales and use tax collections attributable to the sale of electricity (1) at an electric vehicle charging station or (2) used to charge an electric vehicle and is not sold under a residential or domestic rate schedule on file with the Public Service Commission (PSC). By December 31, 2024, the Comptroller must determine a method of calculating the sales and use tax attributable to the above-specified sales and distribute the sales and use tax collections in a manner consistent with the findings and recommendations of the Electric Vehicle Supply Equipment Workgroup (as established by Senate Bill 951 or House Bill 1028 of 2024). **The bill is contingent on the enactment of Senate Bill 951 or House Bill 1028 of 2024.**

Fiscal Summary

State Effect: No net effect on State revenues. TTF revenues may increase by an estimated \$0.85 million in FY 2025, increasing to \$2.30 million by FY 2029. General fund and Blueprint for Maryland’s Future Fund (BMFF) revenues decrease correspondingly – by an estimated \$0.76 million and \$0.10 million, respectively, in FY 2025, increasing to an estimated \$2.02 million and \$0.28 million, respectively, by FY 2029. General fund expenditures for the Comptroller’s Office increase by approximately \$250,000 in FY 2025 only.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: According to the Comptroller's [*List of Tangible Personal Property and Services Subject to Sales and Use Tax*](#), the sale of electricity at a charging station to charge a vehicle is subject to the sales and use tax. The purchase of electricity by the provider of the charging equipment for resale is not subject to sales and use tax; however, the purchase of electricity is subject to tax by the provider of a free charging station. Electricity purchased to charge a vehicle at home is not subject to sales and use tax if purchased at a residential rate.

After an allowance for refunds and administrative costs, sales and use tax revenues are generally distributed to the general fund. Revenues from the sales tax on short-term rental vehicles and peer-to-peer car sharing are distributed to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund (55%) and to TTF (45%). Pursuant to Chapter 33 of 2022, after other required distributions, the Comptroller must pay to BMFF the following percentage of remaining sales and use tax revenues:

- 11.0% for fiscal 2024;
- 11.3% for fiscal 2025;
- 11.7% for fiscal 2026; and
- 12.1% for fiscal 2027 and each subsequent fiscal year.

State Revenues: TTF revenues increase – and general fund and BMFF revenues decrease – beginning in fiscal 2025 as sales and use tax collections attributable to specified sales of electricity are diverted to TTF. An analysis by the Department of Legislative Services (DLS) based in part on light-duty vehicle electricity consumption projections published by the U.S. Energy Information Administration suggests that the amount of diverted sales and use tax revenues may total \$0.85 million in fiscal 2025, increasing to \$2.30 million by fiscal 2029. General fund and BMFF revenues decrease correspondingly – by \$0.76 million and \$0.10 million, respectively, in fiscal 2025, increasing to \$2.02 million and \$0.28 million, respectively, by fiscal 2029.

However, DLS cautions that the actual amount of sales and use tax revenue diverted to TTF under the bill may differ from the above estimate based on actual affected taxable electricity sales, the method for calculating affected sales and use tax determined by the Comptroller's Office under the bill, and/or any delay in initial, fiscal 2025 distributions. It is worth noting that PSC advises that currently, electric vehicle charging stations are not required to be separately metered and may share a meter with other uses – particularly free charging stations.

State Expenditures: The Comptroller’s Office advises that the bill’s changes necessitate one-time updates to the sales and use tax forms, with the estimated cost ranging from \$200,000 to \$300,000. Thus, general fund expenditures for the Comptroller’s Office increase by approximately \$250,000 in fiscal 2025 only.

Additional Comments: The bill’s effective date is unspecified. This fiscal and policy note assumes that the bill takes effect July 1, 2024, contingent on the enactment of Senate Bill 951 or House Bill 1028 of 2024.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the past three years.

Designated Cross File: HB 1280 (Delegate Miller, *et al.*) - Ways and Means and Economic Matters.

Information Source(s): Comptroller’s Office; Maryland Department of Transportation; Maryland Energy Administration; Public Service Commission; U.S. Energy Information Administration; U.S. Department of Energy; Moody’s Analytics; Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2024
js/hlb Third Reader - March 26, 2024
Revised - Amendment(s) - March 26, 2024
Revised - Updated Information - March 26, 2024

Analysis by: Elizabeth J. Allison

Direct Inquiries to:
(410) 946-5510
(301) 970-5510