

SB 331_REALTORS

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Senate Bill 331 – Vehicle-Miles-Traveled Tax and Associated Mandated Devices -- Prohibition

Position: Support

The Maryland REALTORS® support passage of SB 331 which prohibits the State and local jurisdictions from imposing a transportation user fee based on vehicle miles traveled.

The real estate industry is very sensitive to tax proposals that impact long term home ownership decisions. Homeowners who select communities to live in based in part on the cost of transportation should not be subject to fundamental changes in taxation that could impact their commuting pattern to work or school and make it unaffordable.

Sadly, with the decline in Maryland's homeownership rate over the last twenty years, and the growing problem of housing affordability, many property owners must live far from their jobs to find an affordable home.

We urge the Committee to adopt a favorable report for SB 331.

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SenReady_FAV_SB331

Uploaded by: Senator Ready, Senator Ready

Position: FAV

February 5, 2020

The Honorable Chairman Guy Guzzone
Senate Budget and Taxation Committee
Miller Senate Building, Room 3 West
11 Bladen Street
Annapolis, MD 21401

Senator Justin Ready Testimony
Senate Bill 331 – Vehicle-Miles-Traveled Tax and Associated Mandated Devices - Prohibition

Chairman Guzzone, Vice Chairman Rosapepe, and members of the Budget and Tax Committee, before you is Senate Bill 331, which would prohibit the State of Maryland from imposing a vehicle-miles-traveled, or per-mile, tax on drivers. It also prohibits the State and local jurisdictions from requiring the instillation of a device in or on private vehicles to facilitate the reporting of miles traveled.

Due to the introduction of hybrid, electric, and more fuel efficient vehicles, the gas tax has failed to raise enough revenue to continue the upkeep and repair of our infrastructure. Many states across the country, including our own, along with other I-95 corridor states, have been exploring other alternatives. A prominent alternative is a per-mile tax. There are a number of concerns that should be associated with this proposal. The Fourth Amendment of U.S. Constitution, which we all took an oath to uphold, guarantees our right to privacy from unwarranted government intervention. In order to tax citizens per mile, the state must track their mileage. Additionally, if a tax like this were to be enacted on top of what is already one of the highest gas taxes in the country, it would be a crippling “commuter tax” on many of those who could least afford it – the working poor and middle class in outlying areas.

The disparity between rural and urban drivers is also a major concern. Rural residents would have to drive much farther than their urban counterparts and will therefore be taxed more. While the same argument can be made for the gas tax, urban drivers, often dealing with more traffic, burn gas idling. Tax per mile eliminates the revenue gained by the small, but still relevant, amount of gas burned further widening the gap between rural and urban drivers.

Originally, the idea of VMT was floated as a replacement for the gas tax. Some states have recently entered, or are beginning to enter the testing phase of the tax per mile alternative which means that for those signing up, there will be a double tax; for gas and per mile.¹ But, that is not just the case for those in the testing phase. In Oregon, the “leader” of the tax-per-mile initiative, has been on this path for a decade, and *still* its participants are double taxed.²

¹ <https://wtop.com/dc-transit/2020/01/new-details-on-va-transportation-plan-show-fuel-efficient-car-fee-speed-cameras-more/>

² <https://www.governing.com/topics/transportation-infrastructure/gov-oregon-gets-company-testing-gas-tax-alternatives.html>

Oregon has also yet to figure out how to handle out of state drivers. At present, fourteen western states are trying to figure out how to make that work so residents are not quadruple taxed; by CA gas, CA miles, Oregon miles, and Oregon gas.³

A better future alternative to the funding issues caused by lighter, more efficient and electric vehicles could be to explore what Utah has done – assessing fees on hybrids at point of sale and registration renewal to recoup the estimated \$4 million annually that the state loses in gas tax revenue.

We should make a clear statement that mileage tracking and double-taxation of gasoline is not the right move for our state.

I respectfully request a favorable report on Senate Bill 331

³ <https://www.columbian.com/news/2019/jul/24/in-our-view-pump-primed-for-alternative-to-state-gas-tax/>

GBC_UNF_SB331

Uploaded by: Fry, Donald

Position: UNF



POSITION STATEMENT

TESTIMONY PRESENTED TO THE SENATE BUDGET AND TAXATION COMMITTEE

SENATE BILL 331 – VEHICLE-MILES-TRAVELED TAX AND ASSOCIATED MANDATED DEVICES – PROHIBITION

February 5, 2019

DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE

POSITION: Oppose

Senate Bill 331 would prohibit the State or a local jurisdiction from imposing or levying a vehicle-miles-traveled (VMT) tax or other similar fees, tolls, or taxes and also preclude the State or a local jurisdiction from requiring the installation of a device in or on a privately owned vehicle to facilitate the reporting of vehicle-miles traveled.

The Greater Baltimore Committee (GBC) opposes Senate Bill 331. The GBC is a strong proponent of the necessity of an efficient, well-maintained transportation network and has supported funding measures in the past to ensure that adequate public resources are available to support transportation infrastructure and operations. Federal and state gasoline taxes have long been the primary source of funding for transportation infrastructure. With the introduction of more fuel efficient and electric vehicles, revenues generated from gas taxes are not keeping pace with infrastructure funding needs. Additionally, there is very little chance that Congress will increase the federal gas tax and raising gas tax at the state level is a highly political action that occurs infrequently.

This bill is also inconsistent with a key tenet in *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth and calls for:

Superior transportation infrastructure with reliable funding mechanisms. An essential prerequisite of a competitive business environment includes well-funded and maintained highway, transit, port and airport infrastructure that provides reliable and efficient options to move people, goods and services.

To account for the insufficiency from gas tax revenue as a primary means for funding transportation, federal, state, and local leaders must continually explore and identify innovative funding mechanisms to support necessary investment in our failing infrastructure. While the GBC does not currently endorse VMT as a preferred funding mechanism for transportation, we also contend that it is premature to prohibit preemptively the application of VMT at this stage. The GBC recommends that the application of VMT and the associated impacts should be analyzed further prior to any legislative action that would authorize or prohibit the application of VMT within the State of Maryland.

GREATER BALTIMORE COMMITTEE

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The GBC also recommends that the State monitor closely the findings from VMT pilot projects that are underway in other states along the I-95 corridor and in other parts of the country prior to enacting policies or prohibitions.

For the reasons stated above, the Greater Baltimore Committee urges an unfavorable report on Senate Bill 331.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 64-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

SB 331 VMT Testimony

Uploaded by: McCulloch, Champe

Position: UNF



SB 331
Vehicle-Miles-Traveled Tax and Associated Mandated Devices - Prohibition
Budget and Taxation and Education, Health, and Environmental Affairs
Committees
Position: Oppose

Maryland AGC, the Maryland Chapter of the Associated General Contractors of America, provides professional education, business development, and advocacy for commercial construction companies and vendors. While the overwhelming majority of our members are open shop, we welcome union contractors and are the bargaining agent with four of the basic trades. AGC of America is the nation's largest and oldest trade association for the construction industry. AGC of America represents more than 26,000 firms, including over 6,500 of America's leading general contractors, and over 9,000 specialty-contracting firms. More than 10,500 service providers and suppliers are also associated with AGC, all through a nationwide network of chapters. Maryland AGC opposes SB 331 and respectfully urges the Committee to give the bill an unfavorable report.

SB 331 prohibits the use of any version of a vehicle-miles-travelled tax. As stated in the Fiscal Note: "[t]his bill prohibits the State or a local jurisdiction from directly or indirectly imposing or levying a vehicle-miles-traveled (VMT) tax, a mileage-based user fee, a toll based on global-positioning-satellite tracking, or any other similar form of tax." The bill also prohibits the installation of any device to facilitate VMT reporting.

VMT or some variant represents the best technology to date to address the problem that steadily increasing fuel efficiency poses for a transportation system built on motor vehicle fuel taxes. Maryland, like most states, depends on motor vehicle fuel taxes to fund our highway and transit construction programs. Even at current gas tax levels, Maryland's highway and transit construction program is underfunded. The Trump administration has proposed replacing existing *CAFE* standards with lower *SAFE* fuel economy standards, which would freeze required fuel economy at its current level of 37 mpg, ostensibly ensuring current gas tax revenues.¹ Despite that, the rate of adoption for hybrid, electric, and perhaps even hydrogen vehicles, whose owners pay little or no fuel tax, is projected to expand over the next several decades. So, the increasing shortfall in fuel tax revenues will be due not only to inflation but also to changes in fuel economy and fuel type.²

Oregon completed a multi-year VMT trial ("OReGO") using volunteer motorists. The trial was deemed a success and OReGO is now a standing option for Oregon motorists. Starting January 1, 2020, drivers of electric and high-mpg vehicles (40 mpg or better) enrolled in OReGO do not have to pay significant registration fee increases in 2020 and 2022. Instead, they will pay just the base registration (\$43 per year) plus the road charge of 1.8 cents per mile.³ A surprising finding was that VMT might be beneficial to rural areas, because drivers in those areas tend to own less fuel-efficient vehicles and would pay more under a per gallon tax than under VMT.⁴ VMT has been the subject of a wide range of studies, which generally have concluded as did the RAND Corporation:

Transportation funding shortfalls will grow even more acute in the coming years as improved vehicle fuel economy and the adoption of alternative-fuel vehicles reduce federal and state fuel tax revenues by billions of dollars per year. A system of mileage fees - while challenging to design and implement and more costly to administer - would offer a significantly more stable source of funding in future decades and could support additional policy goals as well.⁵

¹"U.S. DOT and EPA Propose Fuel Economy Standards for MY 2021-2026 Vehicles" (Press release). 2018-08-02. Retrieved 02/05/2020.

²Mileage-Based User Fees for Transportation Funding: A Primer for State and Local Decisionmakers. Sorensen, Paul, Liisa Ecola and Martin Wachs. Santa Monica, CA: RAND Corporation, 2012, p. 7. Retrieved 02/05/2020

³Highlights of HB 2017. Oregon Department of Transportation. Retrieved 02/05/2020.

⁴Oregon's pay-per-mile program could go from test to reality. Anderson, Taylor W. The Bulletin. Retrieved 02/05/2020

⁵Sorensen et al., op cit., p. 6

The decline in motor fuel prices since Maryland revised its motor vehicle fuel tax structure has a negative impact on Maryland's motor fuel tax revenues. And this occurs at the same time that lower gas prices encourage more driving. A mileage-based system would avoid this mismatch of revenues and highway maintenance costs. In short, VMT is a necessary – perhaps the only realistic option, to fund highway and transit construction in the future. Rejecting VMT out of hand would be premature at the best.

Opponents of VMT make two essential points: first, VMT would be unfair to people in rural areas who simply have longer drives to work, shopping, and virtually everything else. That is certainly true, but this objection assumes that the mileage rate under any VMT scheme would be the same for all drivers across the state. There is nothing inherent in VMT that requires that. Indeed, there are a variety of ways the General Assembly could levy VMT fees that recognize home address GPS coordinates and adjust the tax rate accordingly.

The second objection is concern about privacy. Opponents fear that VMT would allow government to track every driver's movements and then use this information in secret or illicit ways as part of a police state adverse to the public's interest in privacy. Here again, VMT technology can address this in a variety of ways that separate personally identifiable information from miles traveled.⁶ Indeed, some commentators fault VMT for not being intrusive enough and including fees calculated to reflect not just miles driven but also congestion, road damage, and pollution. According to these advocates "Technology and consumer acceptance have blown past the simple-minded idea of a VMT fee. Nearly all American adults already have smart-phones and other GPS-enabled devices that track their locations in real time."⁷

In its simplest terms, this bill attempts to repeal the future before it arrives. It should be rejected again this year. Accordingly, we respectfully urge the Committee to give SB 331 an unfavorable report.

Champe C. McCulloch
President
McCulloch Government Relations, Inc.
Lobbyist for Maryland AGC

⁶ [Hanley, Paul and Kuhl, Jon. National Evaluation of Mileage-Based Charges for Drivers.](#) Transportation Research Record, 01/01/2011. Retrieved 02/05/2020

⁷ [An idea whose time has passed: The VMT Fee.](#) City Commentary 01-30-2018. Retrieved 02/05/2020

SB0331_MD Sierra Club_UNF_Josh Tulkin

Uploaded by: Tulkin, Josh

Position: UNF



Maryland Chapter

7338 Baltimore Avenue, Suite 102
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Committee: Budget and Taxation

Testimony on: SB 331 - "Vehicle-Miles-Traveled Tax and Associated Mandated Devices - Prohibition"

Position: Oppose

Hearing Date: February 5, 2020

The Maryland Sierra Club, joined by Coalition for Smarter Growth, strongly opposes Senate Bill 331. This bill would prohibit the State or a local jurisdiction from imposing a vehicle-miles-traveled (VMT) tax or similar fee directly or indirectly, including through a third-party agreement or as part of a pilot program or study. The bill also would prohibit requiring that a device be installed in a private vehicle to enable reporting VMT.

Road usage fees or taxes are increasingly being considered as a transportation infrastructure funding mechanism to replace or supplement gasoline taxes, which have been generating less revenue each year because more fuel-efficient vehicles are being driven.

Washington, California, and Colorado have run pilot programs on road usage charges and Oregon has one underway. Kentucky, New Mexico, New York, and Oregon currently impose VMT fees on commercial trucks, and Illinois and Rhode Island are preparing to impose similar fees. Fifteen states in the Western Road Usage Charge Consortium are considering charging drivers for miles driven. Utah imposes a road usage charge only on alternative fuel vehicles including hybrids, plug-in hybrids, and EVs.

Internationally, numerous countries (Austria, Belgium, the Czech Republic, Germany, Hungary, Poland, Russia, Slovakia, and Switzerland) have implemented various forms of VMT fees on trucks, and a similar program is under development in Bulgaria. New Zealand has a VMT fee for diesel-powered cars and heavy vehicles.

In summary, VMT taxes or fees are a viable means for obtaining needed funds to fund highway, bridge, and other transportation infrastructure repair and improvements. VMT fees also encourage less driving which would reduce greenhouse gas and nitrogen-oxide emissions from petroleum-powered vehicles. Similarly, VMT fees encourage greater use of mass transit, bicycling, and walking, which is much better for the environment and our health.

Prohibiting Maryland and local jurisdictions from enacting any form of a VMT tax or fee would limit the options available for consideration to address legitimate governmental goals and needs. The Maryland Sierra Club urges this committee to issue an unfavorable report on this bill.

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Founded in 1892, the Sierra Club is America's oldest and largest grassroots environmental organization. The Maryland Chapter has about 70,000 members and supporters, and the Sierra Club nationwide has more than 800,000 members.