HOUSE BILL 54

Q5 4lr0344

(PRE–FILED)

By: **Delegate Vitale**
Requested: July 24, 2013
Introduced and read first time: January 8, 2014
Assigned to: Ways and Means

A BILL ENTITLED

AN ACT concerning

Motor Fuel Tax – Downward Adjustment – Decrease in Consumer Price Index

FOR the purpose of altering a provision of law requiring increases to certain motor fuel tax rates based on growth in the Consumer Price Index to require that the motor fuel tax rates also be adjusted downward to reflect any decrease in the Consumer Price Index; making conforming changes; and generally relating to adjustment of certain motor fuel tax rates based on the Consumer Price Index.

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 9–305
Annotated Code of Maryland
(2010 Replacement Volume and 2013 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Tax – General

9–305.

(a) Except as provided in subsection (b) of this section, the motor fuel tax rate is:

(1) 7 cents for each gallon of aviation gasoline;

(2) 23.5 cents for each gallon of gasoline other than aviation gasoline;

(3) 24.25 cents for each gallon of special fuel other than clean–burning fuel or turbine fuel;

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

(4) 7 cents for each gallon of turbine fuel; and

(5) 23.5 cents for each gasoline–equivalent gallon of clean–burning fuel except electricity.

(b) (1) The motor fuel tax rates specified in subsection (a)(2), (3), and (5) of this section shall be **[**increased**]** **ADJUSTED** on July 1, 2013, and July 1 of each subsequent year in accordance with this subsection.

(2) On or before June 1 of each year, the Comptroller shall determine and announce:

(i) the **[**growth**]** **CHANGE** in the Consumer Price Index for all urban consumers as determined by the Comptroller under paragraph (3) of this subsection; and

(ii) the motor fuel tax rates effective for the fiscal year beginning on the following July 1 as determined by the Comptroller under paragraph (4) of this subsection.

(3) (i) In this paragraph, "Consumer Price Index for all urban consumers" means the index published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor that is the U.S. city average of all items in a basket of consumer goods and services.

(ii) The percentage **[**growth**]** **CHANGE** in the Consumer Price Index for all urban consumers shall be determined by comparing the average of the index for the 12 months ending on the preceding April 30 to the average of the index for the prior 12 months.

(4) Subject to paragraph (5) of this subsection, on July 1 of each year, each motor fuel tax rate specified in subsection (a)(2), (3), and (5) of this section shall be **[**increased**]** **ADJUSTED** by the amount, rounded to the nearest one–tenth of a cent, that equals the product of multiplying:

(i) the motor fuel tax rate in effect on the date of the Comptroller's announcement under paragraph (2) of this subsection; and

(ii) the percentage **[**growth**]** **CHANGE** in the Consumer Price Index for all urban consumers.

(5) **[**(i) If there is a decline or no growth in the Consumer Price Index for all urban consumers, the motor fuel tax rates shall remain unchanged.

(ii)**]** Any increase in the motor fuel tax rates under paragraph (4) of this subsection may not be greater than 8% of the motor fuel tax rate effective in the previous year.

(6) The Comptroller shall require any person possessing tax–paid motor fuel for sale at the start of business on the date of an increase in the motor fuel tax under this subsection to compile and file an inventory of the motor fuel held at the close of business on the immediately preceding date and remit within 30 days any additional motor fuel tax that is due on the motor fuel.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2014.