

Chapter 397

(Senate Bill 520)

AN ACT concerning

~~Washington County Board~~ **County Boards of Education – School Buses – Motor Fuel Tax Exemption and Refund**

FOR the purpose of exempting from the motor fuel tax certain motor fuel that is bought by a county board of education or a school bus operator under contract with a county board of education for use in ~~certain vehicles~~ a school bus; authorizing ~~the Washington County Board of Education~~ a county board of education to claim a refund of motor fuel tax paid on motor fuel purchased for use in ~~vehicles~~ a school bus owned by the ~~Washington County Board of Education~~ county board; authorizing a school bus operator under contract with a county board of education to claim a refund of motor fuel tax paid on motor fuel purchased for use in ~~vehicles~~ a school bus used to transport the county’s public school students; and generally relating to an exemption from and a refund of motor fuel tax for the Washington County Board of Education a county board of education on motor fuel used to operate a school bus for a county board of education.

BY repealing and reenacting, without amendments,

Article – Transportation

Section 11-153, 11-154, and 11-173

Annotated Code of Maryland

(2012 Replacement Volume and 2015 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 9-303(d) and 13-901(f)

Annotated Code of Maryland

(2010 Replacement Volume and 2015 Supplement)

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

Article – Transportation

11-153.

“School bus” means a Type I school vehicle, as defined in this subtitle.

11-154.

(a) “School vehicle” means, except as provided in subsection (b) of this section, any motor vehicle that:

(1) Is used regularly for the exclusive transportation of children, students, or teachers for educational purposes or in connection with a school activity; and

(2) Is either:

(i) A Type I school vehicle, as defined in this subtitle; or

(ii) A Type II school vehicle, as defined in this subtitle.

(b) “School vehicle” does not include:

(1) A privately owned vehicle while it is carrying members of its owner’s household and not operated for compensation; or

(2) A vehicle that is registered as a Class M (multipurpose) vehicle under § 13–937 of this article or a Class A (passenger) vehicle under § 13–912 of this article and used to transport children between one or more schools or licensed child care centers or to and from designated areas that are approved by the Administration if:

(i) The vehicle is designed for carrying 15 persons or less, including the driver;

(ii) The children are permitted to embark or exit the vehicle only at a school or child care center or a designated area approved by the Administration;

(iii) The owner has obtained vehicle liability insurance or other security as required by Title 17 of this article; and

(iv) The vehicle is equipped with proper seat belts or safety seats so as to permit each child to be secured in a seat belt or a safety seat as required by §§ 22–412.2 and 22–412.3 of this article.

11–173.

(a) “Type I school vehicle” means a school vehicle that:

(1) Is designed and constructed to carry passengers;

(2) Is either of the body-on-chassis type construction or integral type construction; and

(3) Has a gross vehicle weight of more than 15,000 pounds and provides a minimum of 13 inches of seating space per passenger.

(b) "Type I school vehicle" does not include any bus operated by a common carrier under the jurisdiction of a State, regional, or federal regulatory agency or operated by the agency itself.

Article – Tax – General

9–303.

(d) The motor fuel tax does not apply to motor fuel that is bought by:

(1) the Department of General Services for use by State agencies;

(2) A COUNTY BOARD OF EDUCATION FOR USE IN ~~VEHICLES~~ A SCHOOL BUS OWNED BY THE COUNTY BOARD OF EDUCATION; OR

(3) A SCHOOL BUS OPERATOR UNDER CONTRACT WITH A COUNTY BOARD OF EDUCATION FOR USE IN ~~VEHICLES~~ A SCHOOL BUS USED TO TRANSPORT THE COUNTY'S PUBLIC SCHOOL STUDENTS.

13–901.

(f) (1) Except as provided in paragraph (3) of this subsection, a claim for refund of motor fuel tax may be filed by a claimant who pays the tax on:

(i) aviation fuel, as defined in § 9–101 of this article, that is:

1. dispensed to aircraft by an aircraft manufacturing company located in the State; or

2. used:

A. by a person who engages in agricultural activities; and

B. in an aircraft that is used for agricultural purposes at least 70% of the time that the aircraft is used; or

(ii) motor fuel, as defined in § 9–101 of this article, that:

1. is used to operate:

A. a bus that is used only in the operation of a transportation system of a political subdivision of the State to transport the public on regular schedules between fixed termini, as defined in Title 11 of the Transportation Article;

B. farm equipment that is used for an agricultural purpose and is not registered to operate on a public highway;

- C. fire or rescue apparatus or vehicles by a volunteer fire company or nonprofit volunteer rescue company incorporated in the State;
- D. an internal combustion engine that is installed permanently at a fixed location; or
- E. a vehicle that is owned and used by a Maryland chapter of the American Red Cross or a bona fide unit of a national veterans' organization;
2. is bought by:
- A. the United States or a unit of the United States government;
- B. the Department of General Services for use by State agencies; [or]
- C. ~~THE WASHINGTON COUNTY BOARD OF EDUCATION A COUNTY BOARD OF EDUCATION FOR USE IN VEHICLES A SCHOOL BUS OWNED BY THE WASHINGTON COUNTY BOARD OF EDUCATION A COUNTY BOARD OF EDUCATION;~~ **OR**
- D. **A SCHOOL BUS OPERATOR UNDER CONTRACT WITH A COUNTY BOARD OF EDUCATION FOR USE IN VEHICLES A SCHOOL BUS USED TO TRANSPORT THE COUNTY'S PUBLIC SCHOOL STUDENTS; OR**
- E. a person who is required to pay a tax on the same fuel to another state;
3. except for any operation of a motor vehicle on a public highway in the State, is used for a commercial purpose, including:
- A. the operation of a vessel used only for commercial purposes;
- B. commercial cleaning; or
- C. commercial dyeing;
4. is used in any of the following vehicles that have pumping or other equipment mechanically or hydraulically driven by the engine that propels the vehicle:
- A. a concrete mixing motor vehicle or concrete pump truck;

- B. a motor fuel delivery vehicle;
- C. a solid waste compacting vehicle;
- D. a well–drilling vehicle; or

E. farm equipment registered as a vehicle for highway use that is designed or adapted solely and used exclusively for bulk farm spreading of agriculture liming materials, chemicals, or fertilizer;

5. is used by a system of transportation based in the State, in a vehicle that is used to provide transportation to elderly or low income individuals, or individuals with disabilities, if the system is operated by a nonprofit organization for purposes relating to the charge for which the nonprofit organization was established and the nonprofit organization:

A. is exempt for federal income tax purposes under § 501(c) of the Internal Revenue Code;

B. is funded to provide transportation to elderly or low income individuals, or individuals with disabilities;

C. receives part of its operating funding from the Maryland Department of Transportation or the Maryland Department of Health and Mental Hygiene;

D. has stated in its charter or bylaws that operating transportation services for elderly or low income individuals, or individuals with disabilities, is one of the purposes for which it was established; and

E. is actively operating a system of transportation for elderly or low income individuals, or individuals with disabilities; or

6. is lost as a result of fire, collision, or other casualty, except for loss in ordinary transportation and storage.

(2) A refund based on a claim under paragraph (1)(ii)4 of this subsection may not exceed the following percentages of the motor fuel tax paid:

(i) 35% for a concrete mixing vehicle or concrete pump truck;

(ii) 55% for farm equipment, registered as a vehicle for highway use, that is designed or adapted solely and used exclusively for bulk spreading of agriculture liming materials, chemicals, or fertilizers;

(iii) 10% for a motor fuel delivery vehicle;

- (iv) 15% for a solid waste compacting vehicle; and
- (v) 80% for a well-drilling vehicle.

(3) A person may not make a claim for a refund of motor fuel tax under paragraph (1)(ii)1B of this subsection for motor fuel used to operate a farm truck under the provisions of § 8-602(c) of the Transportation Article.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2016.

Approved by the Governor, May 10, 2016.