

Department of Legislative Services  
Maryland General Assembly  
2024 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 484  
Ways and Means

(Delegate Mangione, *et al.*)

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Constitutional Amendment - Fee or Tax Rate Increases - Yea and Nay Vote of  
General Assembly Required (Taxpayer Disclosure and Protection Act)

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This proposed constitutional amendment, if approved by the voters at the next general election, prohibits an increase of a State fee or the rate of a State tax, including an alteration of the rate of an existing tax based on inflation or formula, from taking effect unless the General Assembly, by a ye and nay vote, explicitly approves the increased fee or tax rate.

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Fiscal Summary

**State Effect:** Indeterminate effect on State revenues and expenditures beginning as early as FY 2025.

**Local Effect:** Local governments subject to affected State fees are potentially affected; however, the actual impact is unclear at this time and depends on the policy decisions of the General Assembly.

**Small Business Effect:** Small businesses subject to affected State fees and tax rates may be affected; however, the actual impact is unclear at this time and depends on the policy decisions of the General Assembly.

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Analysis

**Current Law/State Fiscal Effect:** As discussed above, the proposed constitutional amendment prohibits an increase of a State fee or the rate of a State tax, including an alteration of the rate of an existing tax based on inflation or formula, from taking effect

unless the General Assembly, by a yea and nay vote, explicitly approves the increased fee or tax rate.

The bill's effect on State revenues is indeterminate, as it depends on the policy decisions of the General Assembly. To the extent that the bill limits State agencies' ability to recoup costs through fees, State expenditures are potentially also affected. While a comprehensive list of potentially affected State fees cannot be readily identified at this time, it is assumed that a variety of State fees (including, for example, higher education fees) are potentially affected, as many fees are currently established and periodically updated by State agencies in regulation or through other authority.

With respect to the bill's application to State tax rates, motor fuel tax rates are potentially affected. Pursuant to the Transportation Infrastructure Investment Act of 2013 (Chapter 429), motor fuel tax rates for all motor fuels except aviation and turbine fuel are indexed to the annual change in the Consumer Price Index (CPI). The revenue generated as a result of the CPI component of the motor fuel tax rates is distributed to the Transportation Trust Fund and retained by the Maryland Department of Transportation. As of July 1, 2023, the cumulative CPI component accounts for 7.5 cents of the per-gallon motor fuel tax rates for gasoline and clean burning fuel and special fuel (diesel). In addition to indexing specified motor fuel tax rates to inflation, Chapter 429 imposed a 5% sales and use tax equivalent rate on all motor fuels except aviation and turbine fuel. The rate is determined annually based on the average annual retail price for regular unleaded motor fuel, as specified. As of July 1, 2023, the sales and use tax equivalent rate for gasoline and clean-burning fuel and special fuel is 16.0 cents per gallon.

State property tax rates are also potentially affected. The State property tax rate is established by the Board of Public Works, which is required by law to calculate the rate necessary to support debt service on general obligation bonds.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 730 of 2023.

**Designated Cross File:** None.

**Information Source(s):** Department of Information Technology; Department of Commerce; Maryland Department of Aging; Maryland Longitudinal Data System Center; Alcohol, Tobacco, and Cannabis Commission; Office of the Attorney General; Comptroller's Office; Governor's Office; Secretary of State; Judiciary (Administrative

Office of the Courts); Maryland State Department of Education; University System of Maryland; Morgan State University; St. Mary's College of Maryland; Maryland Department of the Environment; Department of General Services; Department of Housing and Community Development; Department of Human Services; Department of Juvenile Services; Maryland Department of Labor; Department of Natural Resources; Maryland Department of Planning; Department of Public Safety and Correctional Services; Board of Public Works; Department of State Police; Maryland Department of Transportation; Department of Veterans Affairs; Maryland State Board of Elections; Maryland Insurance Administration; Maryland State Lottery and Gaming Control Agency; Maryland Automobile Insurance Fund; Public Service Commission; State Retirement Agency; Department of Legislative Services

**Fiscal Note History:** First Reader - February 6, 2024  
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