HB 169

Department of Fiscal Services

Maryland General Assembly

FISCAL NOTE
Revised

House Bill 169 (Chairman, Ways and Means Committee)
(Departmental - Comptroller)
Ways and Means Referred to Budget and Taxation

Motor Carrier Tax - Returns, Identification Markers, and Trip Permits

This amended departmental bill allows the Comptroller of the Treasury to exempt motor carriers from filing motor carrier tax returns if the operations of the carrier are intrastate only and if all intrastate motor vehicles operated by the carrier are registered by the Motor Vehicle Administration to operate intrastate only. The bill also changes the requirements for intrastate motor carrier operations relative to identification markers and trip permits.

This bill is effective January 1, 1998.

Fiscal Summary

State Effect: Special fund revenues would decrease by $36,800 in FY 1998 and in future years as discussed below. Positive impact on FY 1998 general and special fund revenues as discussed below. Special fund expenditures would decrease by $4,700 in FY 1998. Future year expenditures reflect growth for inflation.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
SF Revenues	($36,800)	($36,800)	($36,800)	($36,800)	($36,800)
SF Expenditures	(4,700)	(4,800)	(4,900)	(5,000)	(5,100)
Net Effect	($32,100)	($32,000)	($31,900)	($31,800)	($31,700)

Note: ( ) - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: Local government revenues would decrease by $15,700 in FY 1998 as discussed below. Positive effect on local government revenues in FY 1998 as discussed below.

Small Business Effect: The Comptroller of the Treasury has determined that this bill has minimal or no economic impact on small businesses (attached). Fiscal Services concurs with this assessment as discussed below. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

Background: On January 1, 1996, the Comptroller of the Treasury implemented the provisions of the International Fuel Tax Agreement (IFTA). This requirement created uniformity among the states in the administration of motor fuel use taxation laws governing motor carriers operating in multiple jurisdictions. By January 1997, all interstate motor carriers will be required to register and receive IFTA decals from their base state. Since there would no longer be a motor fuel tax liability owed to Maryland or any other jurisdiction, it will no longer be necessary to require intrastate motor carriers to obtain a Maryland (non-IFTA) decal.

State Effect: Under this bill, the Comptroller would no longer be required to purchase and mail identification decals to intrastate motor carriers. This would decrease expenditures for the Comptroller by $4,700 in fiscal 1998. Future year estimates reflect a 2% inflation factor.

This bill would affect revenues for the Comptroller in two ways. Since expenditures for the Motor Fuel Tax Unit are deducted from special fund revenues prior to distribution, the decrease in expenditures created by this bill would be redirected for a positive revenue impact. Funds generated from motor fuel taxes and fees are distributed in the following manner:

- 0.3% to the Waterway Improvement Fund;
- 0.3% to the Fisheries Research and Development Fund;
- 2.3% to the general fund for Chesapeake Bay related programs; and
- the remainder to the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund.

General funds would increase by approximately $100 and would help fund Chesapeake Bay related programs. Special funds would increase by $4,600 in fiscal 1998. Of these funds, approximately $15 would go to the Waterway Improvement Fund, $15 would go to the Fisheries Research and Development Fund, and the remainder would go to the Gasoline and Motor Vehicle Revenue Account (GMVRA).

Of the remaining funds that go to the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund, 70% stays in the trust fund and 30% is distributed to local governments. Of the approximately $4,570 that would go into the account, $3,200 would remain special funds for the transportation trust fund.

The Comptroller estimates that approximately 2,600 motor carrier accounts in Maryland would be affected by this bill. These accounts operate an estimated 7,500 commercial motor vehicles, with each required to have an identification decal at a cost of $7.00 per decal. The elimination of this decal fee would decrease special fund revenues by $52,500 in fiscal 1998 and in future years. Taken from the GMRVA, 70% of the decrease would come from the Transportation Trust Fund. The decrease in State special funds would be $36,800 in fiscal 1998 and in future years.

Local Effect: As stated above, most funding from motor fuel taxes and fees are special funds and go to the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund. Of these funds, 30% are distributed to local governments with 15% for Baltimore City and the remaining 15% to other counties and municipalities. The decrease in expenditures gained from elimination of identification decal purchases would provide a positive revenue impact for these local governments. Of the $4,570 that would go to the Transportation Trust Fund in fiscal 1998, $1,370 would go to local governments.

The decrease in revenues from the elimination of the decals would decrease funding for local governments as well. This decrease would be approximately $15,700 in fiscal 1998.

Small Business Effect: This bill could have a positive impact on small businesses involved in intrastate transportation by eliminating the requirement that these businesses purchase an identification decal for intrastate travel. Any overall impact would be minimal.

Information Source(s): Comptroller of the Treasury (Motor Fuel Tax Unit), Department of Transportation, Department of Fiscal Services

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