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By: **Delegate C. Davis**

Introduced and read first time: February 17, 1999

Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

2 **Transportation Funding**

3 FOR the purpose of providing for the distribution of certain sales and use tax revenue

4 to the Gasoline and Motor Vehicle Account of the Transportation Trust Fund;

5 altering the motor fuel tax rate; altering the sales and use tax rate; pledging

6 certain taxes collected to pay the principal and interest on certain bonds;

7 altering certain annual vehicle registration fees; and generally relating to

8 certain taxes used for certain transportation funding.

9 BY adding to

10 Article - Tax - General

11 Section 2-1302.2

12 Annotated Code of Maryland

13 (1997 Replacement Volume and 1998 Supplement)

14 BY repealing and reenacting, with amendments,

15 Article - Tax - General

16 Section 2-1303

17 Annotated Code of Maryland

18 (1997 Replacement Volume and 1998 Supplement)

19 (As enacted by Chapter 706 of the Acts of 1998)

20 BY repealing and reenacting, with amendments,

21 Article - Tax - General

22 Section 9-305 and 11-104

23 Annotated Code of Maryland

24 (1997 Replacement Volume and 1998 Supplement)

25 BY repealing and reenacting, with amendments,

26 Article - Transportation

27 Section 3-215(b) and 8-402(b)

28 Annotated Code of Maryland

1 (1997 Replacement Volume and 1998 Supplement)  
2 (As enacted by Chapter 706 of the Acts of 1998)

3 BY repealing and reenacting, with amendments,  
4 Article - Transportation  
5 Section 13-912(b)  
6 Annotated Code of Maryland  
7 (1998 Replacement Volume and 1998 Supplement)

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

10 **Article - Tax - General**

11 2-1302.2.

12 AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-1301 THROUGH  
13 2-1302.1 OF THIS SUBTITLE, THE COMPTROLLER SHALL PAY ONE-SIXTH OF THE  
14 REMAINING SALES AND USE TAX REVENUE TO THE GASOLINE AND MOTOR VEHICLE  
15 REVENUE ACCOUNT OF THE TRANSPORTATION TRUST FUND.

16 2-1303.

17 After making the distributions required under §§ 2-1301 through [2-1302.1]  
18 2-1302.2 of this subtitle, the Comptroller shall pay the remaining sales and use tax  
19 revenue into the General Fund of the State.

20 9-305.

21 The motor fuel tax rate is:

- 22 (1) 7 cents for each gallon of aviation gasoline;
- 23 (2) [23.5] 28.5 cents for each gallon of gasoline other than aviation  
24 gasoline;
- 25 (3) [24.25] 29.25 cents for each gallon of special fuel other than  
26 clean-burning fuel or turbine fuel;
- 27 (4) 7 cents for each gallon of turbine fuel; and
- 28 (5) [23.5] 28.5 cents for each gasoline-equivalent gallon of  
29 clean-burning fuel except electricity.

30 11-104.

31 (a) Except as otherwise provided in this section, the sales and use tax rate is:

- 32 (1) for a taxable price of less than \$1:

- 1 (i) 1 cent if the taxable price is 20 cents; [and]
- 2 (ii) [1 cent for each additional 20 cents or part of 20 cents; and] 2  
3 CENTS IF THE TAXABLE PRICE IS AT LEAST 21 CENTS BUT LESS THAN 34 CENTS;
- 4 (III) 3 CENTS IF THE TAXABLE PRICE IS AT LEAST 34 CENTS BUT  
5 LESS THAN 51 CENTS;
- 6 (IV) 4 CENTS IF THE TAXABLE PRICE IS AT LEAST 51 CENTS BUT  
7 LESS THAN 67 CENTS;
- 8 (V) 5 CENTS IF THE TAXABLE PRICE IS AT LEAST 67 CENTS BUT  
9 LESS THAN 84 CENTS; AND
- 10 (VI) 6 CENTS IF THE TAXABLE PRICE IS AT LEAST 84 CENTS; AND

11 (2) for a taxable price of \$1 or more:

- 12 (i) [5] 6 cents for each exact dollar; and
- 13 (ii) [1 cent for each 20 cents or part of 20 cents] FOR THAT PART OF  
14 A DOLLAR in excess of an exact dollar:
- 15 1. 1 CENT IF THE EXCESS OVER AN EXACT DOLLAR IS AT  
16 LEAST 1 CENT BUT LESS THAN 17 CENTS;
- 17 2. 2 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT  
18 LEAST 17 CENTS BUT LESS THAN 34 CENTS;
- 19 3. 3 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT  
20 LEAST 34 CENTS BUT LESS THAN 51 CENTS;
- 21 4. 4 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT  
22 LEAST 51 CENTS BUT LESS THAN 67 CENTS;
- 23 5. 5 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT  
24 LEAST 67 CENTS BUT LESS THAN 84 CENTS; AND
- 25 6. 6 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT  
26 LEAST 84 CENTS.

27 (b) If a retail sale of tangible personal property or a taxable service is made  
28 through a vending or other self-service machine, the sales and use tax rate is [5%]  
29 6%, applied to 95.25% of the gross receipts from the vending machine sales.

30 (c) (1) In this subsection:

31 (i) "short-term vehicle rental" means a rental of a passenger car,  
32 as defined in § 11-144.1 of the Transportation Article, or a vehicle that may be  
33 registered as a Class E, F, G, or M vehicle under Title 13, Subtitle 9 of the  
34 Transportation Article, for a period of 180 days or less under the following terms:

- 1 the vendor does not provide a driver for the vehicle as a  
 2 part of the rental; and
- 3 2. if the vehicle is a passenger car, as defined in § 11-144.1 of  
 4 the Transportation Article, or a multipurpose passenger vehicle, the vehicle is not to  
 5 be used to transport individuals or property for hire; and
- 6 (ii) "short-term vehicle rental" does not include a rental of:
- 7 1. a dump truck, as described in § 13-919 of the  
 8 Transportation Article;
- 9 2. a tow truck, as described in § 13-920 of the Transportation  
 10 Article; or
- 11 3. a farm vehicle exempt from the sales and use tax under §  
 12 11-201(a) of this title.
- 13 (2) The sales and use tax rate for a short-term vehicle rental for a  
 14 taxable price of \$2 or more is:
- 15 (i) if the vehicle is a passenger car or a multipurpose passenger  
 16 vehicle:
- 17 1. [23] 25 cents for each exact multiple of \$2; and
- 18 2. for that part of \$2 in excess of an exact multiple of \$2, 1  
 19 CENT FOR EACH 8 CENTS OR PART OF 8 CENTS IN EXCESS OF AN EXACT MULTIPLE OF  
 20 \$2;[:
- 21 A. 1 cent if the excess over an exact multiple of \$2 is at least  
 22 1 cent but less than 9 cents;
- 23 B. 2 cents if the excess over an exact multiple of \$2 is at least  
 24 9 cents but less than 18 cents;
- 25 C. 3 cents if the excess over an exact multiple of \$2 is at least  
 26 18 cents but less than 27 cents;
- 27 D. 4 cents if the excess over an exact multiple of \$2 is at least  
 28 27 cents but less than 35 cents;
- 29 E. 5 cents if the excess over an exact multiple of \$2 is at least  
 30 35 cents but less than 44 cents;
- 31 F. 6 cents if the excess over an exact multiple of \$2 is at least  
 32 44 cents but less than 53 cents;
- 33 G. 7 cents if the excess over an exact multiple of \$2 is at least  
 34 53 cents but less than 61 cents;

- 1 H. 8 cents if the excess over an exact multiple of \$2 is at least  
2 61 cents but less than 70 cents;
- 3 I. 9 cents if the excess over an exact multiple of \$2 is at least  
4 70 cents but less than 79 cents;
- 5 J. 10 cents if the excess over an exact multiple of \$2 is at  
6 least 79 cents but less than 87 cents;
- 7 K. 11 cents if the excess over an exact multiple of \$2 is at  
8 least 87 cents but less than 96 cents;
- 9 L. 12 cents if the excess over an exact multiple of \$2 is at  
10 least 96 cents but less than \$1.05;
- 11 M. 13 cents if the excess over an exact multiple of \$2 is at  
12 least \$1.05 but less than \$1.14;
- 13 N. 14 cents if the excess over an exact multiple of \$2 is at  
14 least \$1.14 but less than \$1.22;
- 15 O. 15 cents if the excess over an exact multiple of \$2 is at  
16 least \$1.22 but less than \$1.31;
- 17 P. 16 cents if the excess over an exact multiple of \$2 is at  
18 least \$1.31 but less than \$1.40;
- 19 Q. 17 cents if the excess over an exact multiple of \$2 is at  
20 least \$1.40 but less than \$1.48;
- 21 R. 18 cents if the excess over an exact multiple of \$2 is at  
22 least \$1.48 but less than \$1.57;
- 23 S. 19 cents if the excess over an exact multiple of \$2 is at  
24 least \$1.57 but less than \$1.66;
- 25 T. 20 cents if the excess over an exact multiple of \$2 is at  
26 least \$1.66 but less than \$1.74;
- 27 U. 21 cents if the excess over an exact multiple of \$2 is at  
28 least \$1.74 but less than \$1.83;
- 29 V. 22 cents if the excess over an exact multiple of \$2 is at  
30 least \$1.83 but less than \$1.92; and
- 31 W. 23 cents if the excess over an exact multiple of \$2 is at  
32 least \$1.92 but less than \$2.00 ;] or
- 33 (ii) if the vehicle is a rental truck, as defined in § 11-106(a) of this  
34 subtitle:

- 1 1. 8 cents for each exact dollar; and
- 2 2. 2 cents for each 25 cents or part of 25 cents in excess of an
- 3 exact dollar.

4 (d) The sales and use tax rate for the first retail sale of a mobile home, as  
5 defined in Article 83B, § 6-202(g) of the Code, is the rate imposed under subsection (a)  
6 of this section applied to 60% of the taxable price.

#### 7 **Article - Transportation**

8 3-215.

9 (b) The tax levied and imposed by this section consists of that part of the  
10 following taxes that are retained to the credit of the Department after distributions to  
11 the political subdivisions:

12 (1) The motor fuel tax revenue distributed under §§ 2-1103(2) and  
13 2-1104(4) of the Tax - General Article;

14 (2) The income tax revenue distributed under §§ 2-614 and 2-616 of the  
15 Tax - General Article;

16 (3) The excise tax imposed on vehicles by Part II of Title 13, Subtitle 8 of  
17 this article; [and]

18 (4) The sales and use tax revenues on short-term rental vehicles  
19 distributed under § 2-1302.1 of the Tax - General Article; AND

20 (5) THE SALES AND USE TAX REVENUE DISTRIBUTED UNDER § 2-1302.2  
21 OF THE TAX - GENERAL ARTICLE.

22 8-402.

23 (b) All revenues collected from the following, after deductions provided by law,  
24 shall be credited to the Gasoline and Motor Vehicle Revenue Account:

25 (1) All of the motor vehicle fuel tax;

26 (2) Except as otherwise provided by law, 80 percent of the vehicle titling  
27 tax;

28 (3) Except for revenues collected under Parts III and IV of Title 13,  
29 Subtitle 9 of this article, vehicle registration fees;

30 (4) The revenue disbursed to this account under §§ 2-614 and 2-617(1)  
31 of the Tax - General Article; [and]

32 (5) 80 percent of the funds distributed under § 2-1302.1 of the Tax -  
33 General Article to the Transportation Trust Fund from the sales and use tax collected  
34 on short-term vehicle rentals under § 11-104 of the Tax - General Article; AND

1           (6)       THE SALES AND USE TAX REVENUE DISTRIBUTED UNDER § 2-1302.2  
2 OF THE TAX - GENERAL ARTICLE.

3 13-912.

4       (b)       For each Class A (passenger) vehicle, the annual registration fee is:

5           (1)       For a vehicle with a manufacturer's shipping weight of 3,700 pounds  
6 or less -- [~~\$27.00~~] \$32.00; and

7           (2)       For a vehicle with a manufacturer's shipping weight of more than  
8 3,700 pounds -- [~~\$40.50~~] \$45.50.

9       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 July 1, 1999.