

HOUSE BILL 1

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2000 Regular Session
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CF 0lr1749

(PRE-FILED)

By: Delegates Taylor, Dewberry, Hurson, Busch, Guns, Harrison, Hixson, Howard, Owings, Vallario, and Wood Wood, W. Baker, Bozman, Cadden, Cane, Conroy, D'Amato, DeCarlo, Donoghue, Dypski, Finifter, Franchot, Giannetti, Goldwater, Hammen, Hecht, Hubers, James, Krysiak, Malone, McHale, Minnick, Mitchell, Moe, Morhaim, Petzold, Proctor, Rosso, Valderrama, Weir, and Zirkin

Requested: November 15, 1999
Introduced and read first time: January 12, 2000
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted with floor amendments
Read second time: March 17, 2000

CHAPTER _____

1 AN ACT concerning

2 **Transportation Funding - Mass Transit - Sales and Use Tax**

3 FOR the purpose of altering the distribution of sales and use tax revenue; creating a
4 Mass Transit Account within the Transportation Trust Fund; providing for the
5 distribution of certain sales and use tax revenue to the Mass Transit Account
6 within the Transportation Trust Fund; pledging certain taxes collected to pay
7 the principal and interest on certain bonds; limiting the use of the Mass Transit
8 Account to funding certain transit expenses; providing that certain revenues
9 distributed to the Mass Transit Account are in addition to and may not supplant
10 certain other funds for mass transit; and generally relating to certain taxes used
11 for certain transportation funding.

12 BY repealing

13 Article - Transportation

14 The subtitle designation "Subtitle 4. Transportation Revenue Sharing Fund" of

15 Title 3

16 Annotated Code of Maryland

17 (1993 Replacement Volume and 1999 Supplement)

18 BY adding to

19 Article - Tax - General

1 Section 2-1302.2
2 Annotated Code of Maryland
3 (1997 Replacement Volume and 1999 Supplement)

4 BY repealing and reenacting, with amendments,
5 Article - Tax - General
6 Section 2-1303
7 Annotated Code of Maryland
8 (1997 Replacement Volume and 1999 Supplement)

9 BY repealing and reenacting, with amendments,
10 Article - Transportation
11 Section 3-215(b) and 3-216
12 Annotated Code of Maryland
13 (1993 Replacement Volume and 1999 Supplement)

14 BY adding to
15 Article - Transportation
16 Section 3-401 to be under the new subtitle "Subtitle 4. Mass Transit Account"
17 Annotated Code of Maryland
18 (1993 Replacement Volume and 1999 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the subtitle designation "Subtitle 4. Transportation Revenue
21 Sharing Fund" of Title 3 of Article - Transportation of the Annotated Code of
22 Maryland be repealed.

23 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
24 read as follows:

25 **Article - Tax - General**

26 2-1302.2.

27 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, AFTER
28 MAKING THE DISTRIBUTION REQUIRED UNDER §§ 2-1301 THROUGH 2-1302.1 OF THIS
29 SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE MONTHLY 20% OF THE
30 REMAINING SALES AND USE TAX REVENUE TO THE MASS TRANSIT ACCOUNT OF THE
31 TRANSPORTATION TRUST FUND ESTABLISHED UNDER § 3-216 OF THE
32 TRANSPORTATION ARTICLE.

33 (B) FOR A FISCAL YEAR BEGINNING BEFORE JULY 1, 2009, INSTEAD OF THE
34 DISTRIBUTION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION, THE
35 COMPTROLLER SHALL DISTRIBUTE MONTHLY TO THE MASS TRANSIT ACCOUNT THE
36 FOLLOWING PERCENTAGE OF THE REMAINING SALES AND USE TAX REVENUE:

37 (1) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2000, 2%;

- 1 (2) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2001, 4%;
- 2 (3) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2002, 6%;
- 3 (4) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2003, 8%;
- 4 (5) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2004, 10%;
- 5 (6) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2005, 12%;
- 6 (7) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2006, 14%;
- 7 (8) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2007, 16%; AND
- 8 (9) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2008, 18%.

9 2-1303.

10 After making the distributions required under §§ 2-1301 through [2-1302.1]
11 2-1302.2 of this subtitle, the Comptroller shall pay the remaining sales and use tax
12 revenue into the General Fund of the State.

13 **Article - Transportation**

14 3-215.

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

18 (1) The motor fuel tax revenue distributed under §§ 2-1103(2) and
19 2-1104(4) of the Tax - General Article;

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

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

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

26 (5) THE SALES AND USE TAX REVENUES DISTRIBUTED UNDER § 2-1302.2
27 OF THE TAX - GENERAL ARTICLE.

28 3-216.

29 (a) There is a Transportation Trust Fund for the Department.

30 (b) Except as otherwise expressly provided by statute, there shall be credited
31 to the Transportation Trust Fund for the account of the Department all taxes, fees,

1 charges, and revenues collected or received by or paid, appropriated, or credited to the
2 account of the Department or any of its units in the exercise of their rights, powers,
3 duties, or obligations, including the cash proceeds of the sale of consolidated
4 transportation bonds, notes, or other evidences of obligation issued by the
5 Department, any general fund appropriations, and the proceeds of any State loan or
6 federal grant made for transportation purposes.

7 (c) (1) There shall be maintained in the Transportation Trust Fund one or
8 more sinking fund accounts to which shall be credited and from which shall be paid,
9 from the proceeds of the taxes levied and imposed for that purpose or from any other
10 funds of the Department, amounts sufficient at all times to meet the debt service on
11 all bonds of prior issues and consolidated transportation bonds from time to time
12 outstanding and unpaid.

13 (2) The Gasoline and Motor Vehicle Revenue Account, the Driver
14 Education Account, [and] the Motorcycle Safety Program Account, AND THE MASS
15 TRANSIT ACCOUNT shall be maintained in the Transportation Trust Fund.

16 (d) (1) After meeting its debt service requirements, the Department may use
17 the funds in the Transportation Trust Fund for any lawful purpose related to the
18 exercise of its rights, powers, duties, and obligations.

19 (2) Expenditures under this subsection shall be made in accordance with
20 any appropriation provided for in any applicable budget bill or supplementary
21 appropriation bill. However, an appropriation proposed to be made to any unit in the
22 Department or proposed to be made for any designated transportation activity,
23 function, or undertaking that has been reduced by the General Assembly may not be
24 restored, for the same purpose as originally proposed, except in an emergency, by the
25 budget amendment procedure of § 7-209 of the State Finance and Procurement
26 Article, or otherwise if the General Assembly in striking or reducing the
27 appropriation, prohibited its restoration. However, except for emergency capital
28 projects, if the General Assembly explicitly reduces in the budget bill an
29 appropriation proposed for a major capital project as defined in § 2-103.1(a)(4) of this
30 article, the appropriation may not be restored for the same purpose as originally
31 proposed by the budget amendment procedure of § 7-209 of the State Finance and
32 Procurement Article or otherwise unless the General Assembly, in striking or
33 reducing the appropriation, expressly authorized its restoration.

34 (3) (i) During the period of fiscal years 1988 through 1992 as included
35 in the annual State report on transportation, the Department shall utilize all of its
36 share of the revenues attributable to the 5 cent increase of the motor fuel tax under
37 the provisions of Chapter 291 of the Acts of 1987 and credited to the Transportation
38 Trust Fund under § 2-1104 of the Tax - General Article and the proceeds of any
39 increased indebtedness based on that revenue and credited to the Transportation
40 Trust Fund to fund Department projects for the construction, reconstruction, and
41 rehabilitation of the State highway system.

42 (ii) During the period of fiscal year 1988 through fiscal year 1992
43 the total level of State funds appropriated to the State Highway Administration for

1 construction, reconstruction and rehabilitation of the State highway system,
2 including the revenues referred to in subparagraph (i) above, shall be at least 70
3 percent of the total appropriation of State funds in the consolidated transportation
4 capital program.

5 (iii) The Secretary of the Department shall submit, subject to §
6 2-1246 of the State Government Article, to the Legislative Policy Committee and the
7 Department of Legislative Services a report:

8 1. Prior to the beginning of each session through the 1991
9 session, detailing the intended use of the new revenues; and

10 2. Prior to the beginning of each session beginning with the
11 1989 session and through the 1993 session, detailing the actual use of the new
12 revenues in the prior fiscal year.

13 (4) Of the new revenues derived under the provisions of Chapter 291 of
14 the Acts of 1987 and credited to the Department, \$31,000,000 shall be transferred to
15 the Maryland Emergency Medical Service System Fund at such time as determined
16 by the Secretary of Budget and Management.

17 (e) (1) Except as otherwise provided in this subsection, this section is
18 effective notwithstanding any other provision of law.

19 (2) No portion of the Right-of-Way Revolving Fund may be used for any
20 purpose other than as specified in § 8-305 of this article.

21 (3) Nothing in this section may adversely affect in any way the security
22 of any of the following bonds while they are outstanding and unpaid:

23 (i) State highway construction bonds, second issue;

24 (ii) State highway construction bonds, third issue;

25 (iii) County highway construction bonds; or

26 (iv) County highway construction bonds, second issue.

27 (4) It is the intent of the General Assembly that, as long as any of the
28 bonds listed in paragraph (3) of this subsection are outstanding and unpaid:

29 (i) The sinking fund requirements established for the payment of
30 the principal of and interest on those bonds shall remain unchanged, as if this section
31 had not been enacted; and

32 (ii) The taxes and revenues pledged to the payment of the principal
33 of and interest on those bonds as they become due and payable may not be repealed,
34 diminished, or applied to any other purpose until:

35 1. The bonds and the interest on them have become due and
36 fully paid; or

1 APPROVED CONSOLIDATED TRANSPORTATION PROGRAM FOR FISCAL YEARS 2000
2 THROUGH 2005.

3 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
4 effect July 1, 2000.