

SENATE BILL 286

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2000 Regular Session  
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CF HB 1

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By: **Senators Hafer, Stoltzfus, Mooney, Munson, Hooper, Colburn, and  
Ferguson**

Introduced and read first time: January 31, 2000

Assigned to: Budget and Taxation

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A BILL ENTITLED

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; and generally relating to certain  
9 taxes used for certain transportation funding.

10 BY adding to

11 Article - Tax - General  
12 Section 2-1302.2  
13 Annotated Code of Maryland  
14 (1997 Replacement Volume and 1999 Supplement)

15 BY repealing and reenacting, with amendments,

16 Article - Tax - General  
17 Section 2-1303  
18 Annotated Code of Maryland  
19 (1997 Replacement Volume and 1999 Supplement)

20 BY repealing and reenacting, with amendments,

21 Article - Transportation  
22 Section 3-215(b) and 3-216  
23 Annotated Code of Maryland  
24 (1993 Replacement Volume and 1999 Supplement)

25 BY adding to

26 Article - Transportation  
27 Section 3-401 to be under the new subtitle "Subtitle 4. Mass Transit Account"  
28 Annotated Code of Maryland

1 (1993 Replacement Volume and 1999 Supplement)

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

4 **Article - Tax - General**

5 2-1302.2.

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

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

- 16 (1) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2000, 2%;
- 17 (2) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2001, 4%;
- 18 (3) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2002, 6%;
- 19 (4) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2003, 8%;
- 20 (5) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2004, 10%;
- 21 (6) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2005, 12%;
- 22 (7) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2006, 14%;
- 23 (8) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2007, 16%; AND
- 24 (9) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2008, 18%.

25 2-1303.

26 After making the distributions required under §§ 2-1301 through [2-1302.1]  
27 2-1302.2 of this subtitle, the Comptroller shall pay the remaining sales and use tax  
28 revenue into the General Fund of the State.

1 **Article - Transportation**

2 3-215.

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

6 (1) The motor fuel tax revenue distributed under §§ 2-1103(2) and  
7 2-1104(4) of the Tax - General Article;

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

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

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

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

16 3-216.

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

18 (b) Except as otherwise expressly provided by statute, there shall be credited  
19 to the Transportation Trust Fund for the account of the Department all taxes, fees,  
20 charges, and revenues collected or received by or paid, appropriated, or credited to the  
21 account of the Department or any of its units in the exercise of their rights, powers,  
22 duties, or obligations, including the cash proceeds of the sale of consolidated  
23 transportation bonds, notes, or other evidences of obligation issued by the  
24 Department, any general fund appropriations, and the proceeds of any State loan or  
25 federal grant made for transportation purposes.

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

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

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

1           (2)       Expenditures under this subsection shall be made in accordance with  
2 any appropriation provided for in any applicable budget bill or supplementary  
3 appropriation bill. However, an appropriation proposed to be made to any unit in the  
4 Department or proposed to be made for any designated transportation activity,  
5 function, or undertaking that has been reduced by the General Assembly may not be  
6 restored, for the same purpose as originally proposed, except in an emergency, by the  
7 budget amendment procedure of § 7-209 of the State Finance and Procurement  
8 Article, or otherwise if the General Assembly in striking or reducing the  
9 appropriation, prohibited its restoration. However, except for emergency capital  
10 projects, if the General Assembly explicitly reduces in the budget bill an  
11 appropriation proposed for a major capital project as defined in § 2-103.1(a)(4) of this  
12 article, the appropriation may not be restored for the same purpose as originally  
13 proposed by the budget amendment procedure of § 7-209 of the State Finance and  
14 Procurement Article or otherwise unless the General Assembly, in striking or  
15 reducing the appropriation, expressly authorized its restoration.

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

24                   (ii)       During the period of fiscal year 1988 through fiscal year 1992  
25 the total level of State funds appropriated to the State Highway Administration for  
26 construction, reconstruction and rehabilitation of the State highway system,  
27 including the revenues referred to in subparagraph (i) above, shall be at least 70  
28 percent of the total appropriation of State funds in the consolidated transportation  
29 capital program.

30                   (iii)       The Secretary of the Department shall submit, subject to §  
31 2-1246 of the State Government Article, to the Legislative Policy Committee and the  
32 Department of Legislative Services a report:

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

35                               2.       Prior to the beginning of each session beginning with the  
36 1989 session and through the 1993 session, detailing the actual use of the new  
37 revenues in the prior fiscal year.

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

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

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

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

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

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

9 (iii) County highway construction bonds; or

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

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

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

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

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

21 2. Adequate and complete provision for payment of the  
22 principal and interest has been made.

23 (f) (1) No part of the Transportation Trust Fund may revert or be credited to  
24 the general funds of this State. No part of the Transportation Trust Fund may revert  
25 or be credited to a special fund of the State, unless otherwise provided by law. No part  
26 of the Transportation Trust Fund may revert or be credited to a special fund of the  
27 State pursuant to the provisions of § 7-209(e)(2) of the State Finance and  
28 Procurement Article, unless the transfer is approved by the Legislative Policy  
29 Committee. Failure of the Legislative Policy Committee to reject the transfer within  
30 15 days after presentation before the Legislative Policy Committee shall be deemed to  
31 be approval.

32 (2) Notwithstanding any other provision of law, for fiscal year 1984 only,  
33 \$29,000,000 of the funds in the Transportation Trust Fund which are not required by  
34 law to be distributed to the counties or Baltimore City and which have not been  
35 pledged or otherwise committed to the payment of or as security for the payment of  
36 any bonds or debt issued or incurred pursuant to this article shall be transferred and

1 credited to the general funds of the State on or before June 30, 1984 and shall be  
2 available for appropriation from the general funds in fiscal year 1984.

3

## SUBTITLE 4. MASS TRANSIT ACCOUNT.

4 3-401.

5 (A) THERE IS A MASS TRANSIT ACCOUNT IN THE TRANSPORTATION TRUST  
6 FUND.

7 (B) ALL REVENUES DISTRIBUTED TO THE TRANSPORTATION TRUST FUND  
8 UNDER § 2-1302.2 OF THE TAX - GENERAL ARTICLE SHALL BE CREDITED TO THE MASS  
9 TRANSIT ACCOUNT.

10 (C) THE MASS TRANSIT ACCOUNT SHALL BE USED ONLY TO FUND THE  
11 CAPITAL AND OPERATING EXPENSES OF THE MASS TRANSIT ADMINISTRATION, THE  
12 CAPITAL AND OPERATING EXPENSES OF THE WASHINGTON METROPOLITAN AREA  
13 TRANSIT AUTHORITY, AND GRANTS TO LOCAL JURISDICTIONS FOR MASS TRANSIT  
14 CAPITAL AND OPERATING EXPENSES.

15 (D) THIS SECTION MAY NOT BE CONSTRUED TO REQUIRE THAT THE MASS  
16 TRANSIT ACCOUNT BE THE SOLE SOURCE OF FUNDING FOR THE CAPITAL AND  
17 OPERATING EXPENSES OF THE MASS TRANSIT ADMINISTRATION, THE CAPITAL AND  
18 OPERATING EXPENSES OF THE WASHINGTON METROPOLITAN AREA TRANSIT  
19 AUTHORITY, OR LOCAL GRANTS TO LOCAL JURISDICTIONS FOR MASS TRANSIT  
20 CAPITAL AND OPERATING EXPENSES.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 July 1, 2000.