

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE

Senate Bill 511 (Senator Hafer)

Budget and Taxation

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**Vehicle Law - Excise Tax Exemption for Vehicles Used in Coal Mining Operations - Extension**

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This bill repeals the December 31, 2000, termination date of the excise tax exemption for special purpose vehicles used in coal mining operations.

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**Fiscal Summary**

**State Effect:** Minimal general fund and Transportation Trust Fund revenue loss would continue beyond FY 2001. The exemption applies to a limited number of vehicles.

**Local Effect:** Minimal local government revenue loss would continue beyond FY 2001.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** Special purpose vehicles used in the mining of Maryland coal are exempt from the 5% vehicle excise tax. This exemption sunsets December 31, 2000.

**Background:** Chapter 304 of 1996 enacted an excise tax exemption for special purpose vehicles used in the mining of coal. Equipment used in mining operations is exempt from the 5% sales and use tax. When originally enacted, the exemption for special purpose vehicles was provided so that coal mining operations could take advantage of new technology (specifically, humvees) that would transport workers into mines without the use of rails, which were used before. The rationale was that since the vehicles would replace existing production equipment used in transporting workers that was exempted from the sales and use tax, similar treatment should be given to vehicles that were now considered production

equipment.

One mining operation purchased humvees for transporting workers prior to the enactment of the exemption. The exemption did not apply to the original purchase, but was intended to apply when replacement vehicles were purchased.

A humvee costs on average about \$100,000. The excise tax would therefore be \$5,000.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation, Department of Legislative Services

**Fiscal Note History:** First Reader - February 28, 2000  
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