SB 59

Department of Legislative Services

Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 59 (Chairman, Budget and Taxation Committee)
(Departmental - Comptroller)
Budget and Taxation

Motor Carriers - Identification Markers and Permits

This departmental bill repeals the $7 fee that is required for a motor carrier to obtain an identification marker from the Comptroller.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues would decrease by $116,200 in FY 2001. General fund revenues will increase by $1,200 and revenues for the Waterway Improvement Fund and the Fisheries Research and Development Fund will increase by $300 in FY 2001. Future years reflect annualization. Minimal administrative efficiency savings for the Comptroller.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	$1,200	$1,600	$1,600	$1,600	$1,600
TTF Revenues	(116,200)	(154,900)	(154,900)	(154,900)	(154,900)
Other SF Revenues	300	400	400	400	400
GF Expenditures	0	0	0	0	0
SF Expenditures	0	0	0	0	0
Net Effect	($114,700)	($152,900)	($152,900)	($152,900)	($152,900)

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

Local Effect: Local revenues will decrease by an estimated $49,800 in FY 2001 and by $66,400 in each year thereafter.

Small Business Effect: The Comptroller of the Treasury has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: In 1996, Maryland entered the International Fuel Tax Agreement (IFTA), an agreement among states to unify the reporting of motor fuel used by motor carriers for tax purposes. Intrastate motor carriers pay a road use tax based on the gallons of fuel consumed in the State minus a credit received for fuel purchases in Maryland. Maryland-based interstate motor carriers pay taxes in accordance with IFTA based on taxable miles traveled in each state. Motor carriers register in their base state of operation only and receive only one license and one set of decals. Maryland currently charges a $7 annual fee to issue decals to interstate and intrastate motor carriers.

Background: In 1996, Maryland was chosen by the Federal Highway Administration (FHWA) to be one of two states to develop and test Commercial Vehicle Information Systems and Networks (CVISN) and Intelligent Transportation Systems (ITS). Issuing decals and motor carrier licenses electronically is seen as a key component of the systems because they support the goal of reducing administrative burdens for motor carriers. The Comptroller's Office advises that motor carriers may face some costs in converting to a system of electronic registration (i.e., internet access, related computer costs). The bill is repealing the fee in an effort to partially offset any increase in costs to the motor carriers associated with filing electronically. Therefore, the Comptroller's Office anticipates that repealing the fee will encourage more motor carriers to opt for electronic filing and lead to efficiency increases for both the carriers and the Comptroller's Office.

The following chart details the fees that are charged in surrounding states for interstate and intrastate decals.

State	IFTA Decal Fee	Intrastate Decal Fee
Delaware	$5	$5
District of Columbia	N/A	N/A
New Jersey	$10	No Fee
North Carolina	No Fee	No Fee
Pennsylvania	$5	$5
Virginia	$10	$10
West Virginia	$5	$5

State Fiscal Effect: There are currently 5,700 motor carriers using Maryland as their base state of operation. The carriers use about 41,000 commercial motor vehicles, each requiring a decal. Repealing the decal fee will result in a revenue loss of $287,000 for the Gasoline and Motor Vehicle Revenue Account (GMVRA) of the TTF.

The Comptroller is authorized to retain that portion of motor fuel tax revenues that will recover the costs to administer the tax and associated fees. It is estimated that $67,650 is retained by the Comptroller to recover the costs associated with collecting and accounting for the decal fee. As the Comptroller will no longer incur any such costs and therefore, will not retain those revenues, motor fuel tax revenues will increase by $67,650, partially offsetting the loss of revenue from the decal fee. Motor fuel tax revenues are distributed as follows: 0.3% to the Waterway Improvement Fund ($203); 0.3% to the Fisheries Research and Development Fund ($203); 2.3% to the general fund for Chesapeake Bay related programs ($1,556); and the remainder to the GMVRA ($65,688).

The GMVRA is a shared revenue account, of which 70% is allocated to the TTF and 30% is allocated to the local jurisdictions. Therefore, the bill will result in an annual loss to the TTF of $154,900 and an annual loss to the local jurisdictions of $66,400. Accounting for the effective date of the bill, TTF revenues will decrease $116,200 in the first year. The environmental funds associated with motor fuel tax revenue will benefit minimally: revenues for the Waterway Improvement Fund and the Fisheries Research and Development Fund will each increase by $152; and the general fund will increase by $1,166 in the first year.

Local Fiscal Effect: The GMVRA is distributed 70% to the TTF and 30% to local jurisdictions. The local distribution is split, with Baltimore City receiving the greater of $157,500,000, or 11.5%. The remainder is distributed to the 23 counties and then shared with municipal corporations in each county. It is assumed that this bill would result in a total loss to the jurisdictions of about $66,400 annually after an initial year loss of $49,800.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller of the Treasury (Motor Fuel Tax Division), Department of Legislative Services

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