
By: **Delegates Ramirez and Hixson**

Introduced and read first time: January 27, 2005

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Corporate Income Tax and Vehicle Rental Excise Tax - Revenue Distribution**

3 FOR the purpose of altering the distribution of the income tax revenue from
4 corporations; altering the distribution of the revenue collected from the sales
5 and use tax on short-term vehicle rentals; altering the taxes that are levied and
6 imposed for the purpose of paying, and are pledged to the payment of, the
7 principal of and interest on certain bonds issued on or after a certain date;
8 providing that for certain fiscal years, certain amounts of certain funds of the
9 Transportation Trust Fund shall be transferred and credited to the general
10 funds of the State and available for appropriation from the general funds for
11 that fiscal year; altering the composition of the Gasoline and Motor Vehicle
12 Revenue Account in the Transportation Trust Fund; and generally relating to
13 the redistribution of revenues from the corporate income tax and the vehicle
14 rental excise tax.

15 BY repealing and reenacting, with amendments,
16 Article - Tax - General
17 Section 2-614 and 2-1302.1
18 Annotated Code of Maryland
19 (2004 Replacement Volume)

20 BY repealing and reenacting, with amendments,
21 Article - Transportation
22 Section 3-215(b) and 8-402
23 Annotated Code of Maryland
24 (2001 Replacement Volume and 2004 Supplement)

25 BY adding to
26 Article - Transportation
27 Section 3-216(f)(3)
28 Annotated Code of Maryland
29 (2001 Replacement Volume and 2004 Supplement)

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

3 **Article - Tax - General**

4 2-614.

5 (A) THIS SECTION DOES NOT APPLY FOR ANY FISCAL YEAR BEGINNING ON OR
6 AFTER THE DATE WHEN ALL CONSOLIDATED TRANSPORTATION BONDS THAT WERE
7 ISSUED BY THE DEPARTMENT OF TRANSPORTATION BEFORE JULY 1, 2005 NO
8 LONGER REMAIN OUTSTANDING AND UNPAID.

9 [(a)] (B) [After] FOR ANY FISCAL YEAR BEGINNING BEFORE THE DATE WHEN
10 ALL CONSOLIDATED TRANSPORTATION BONDS THAT WERE ISSUED BY THE
11 DEPARTMENT OF TRANSPORTATION BEFORE JULY 1, 2005 NO LONGER REMAIN
12 OUTSTANDING AND UNPAID, AFTER making the distribution required under § 2-613
13 of this subtitle, the Comptroller shall distribute monthly 24% of the remaining income
14 tax revenue from corporations to a special fund to be distributed as provided in
15 subsection [(b)] (C) of this section.

16 [(b)] (C) (1) From the special fund, the Comptroller shall distribute an
17 amount equal to 24% of the cost to administer the income tax on corporations to an
18 administrative cost account.

19 (2) After making the distribution required under paragraph (1) of this
20 subsection, the Comptroller shall distribute the balance in the special fund to [the
21 Gasoline and Motor Vehicle Revenue Account in] the Transportation Trust Fund.

22 2-1302.1.

23 After making the distributions required under §§ 2-1301 and 2-1302 of this
24 subtitle, the Comptroller monthly shall distribute [45% of] the sales and use tax
25 collected on short-term vehicle rentals under § 11-104(c) of this article to the
26 Transportation Trust Fund established under § 3-216 of the Transportation Article.

27 **Article - Transportation**

28 3-215.

29 (b) (1) [The] FOR ANY BONDS ISSUED BEFORE JULY 1, 2005, THE tax levied
30 and imposed by this section consists of that part of the following taxes that are
31 retained to the credit of the Department after distributions to the political
32 subdivisions:

33 [(1)] (I) The motor fuel tax revenue distributed under §§ 2-1103(2) and
34 2-1104(4) of the Tax - General Article;

35 [(2)] (II) The income tax revenue distributed under § 2-614 of the Tax -
36 General Article;

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

3 [(4)] (IV) The sales and use tax revenues FROM SHORT-TERM VEHICLE
4 RENTALS distributed under § 2-1302.1 of the Tax - General Article.

5 (2) FOR ANY BONDS ISSUED ON OR AFTER JULY 1, 2005, THE TAX LEVIED
6 AND IMPOSED BY THIS SECTION CONSISTS OF THAT PART OF THE FOLLOWING TAXES
7 THAT ARE RETAINED TO THE CREDIT OF THE DEPARTMENT AFTER DISTRIBUTIONS
8 TO THE POLITICAL SUBDIVISIONS:

9 (I) THE MOTOR FUEL TAX REVENUE DISTRIBUTED UNDER §§
10 2-1103(2) AND 2-1104(4) OF THE TAX - GENERAL ARTICLE;

11 (II) THE EXCISE TAX IMPOSED ON VEHICLES BY PART II OF TITLE
12 13, SUBTITLE 8 OF THIS ARTICLE; AND

13 (III) THE SALES AND USE TAX REVENUES FROM SHORT-TERM
14 VEHICLE RENTALS DISTRIBUTED UNDER § 2-1303 OF THE TAX - GENERAL ARTICLE.

15 3-216.

16 (f) (3) (I) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, FOR ANY
17 FISCAL YEAR BEGINNING BEFORE THE DATE WHEN ALL OF THE CONSOLIDATED
18 TRANSPORTATION BONDS THAT WERE ISSUED BY THE DEPARTMENT OF
19 TRANSPORTATION BEFORE JULY 1, 2005 NO LONGER REMAIN OUTSTANDING AND
20 UNPAID, OF THE FUNDS IN THE TRANSPORTATION TRUST FUND THAT HAVE NOT
21 BEEN PLEDGED OR OTHERWISE COMMITTED TO THE PAYMENT OF OR AS SECURITY
22 FOR THE PAYMENT OF ANY BONDS OR DEBT ISSUED OR INCURRED UNDER THIS
23 ARTICLE, THERE SHALL BE TRANSFERRED AND CREDITED TO THE GENERAL FUND
24 OF THE STATE ON OR BEFORE JUNE 30 OF THAT FISCAL YEAR AN AMOUNT EQUAL TO
25 THE INCOME TAX REVENUE DISTRIBUTED TO THE TRANSPORTATION TRUST FUND
26 FOR THAT FISCAL YEAR UNDER § 2-614 OF THE TAX - GENERAL ARTICLE.

27 (II) THE AMOUNTS TRANSFERRED AND CREDITED TO THE
28 GENERAL FUND OF THE STATE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR
29 ANY FISCAL YEAR SHALL BE AVAILABLE FOR APPROPRIATION FROM THE GENERAL
30 FUNDS IN THAT FISCAL YEAR.

31 8-402.

32 (a) There is a Gasoline and Motor Vehicle Revenue Account in the
33 Transportation Trust Fund.

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

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

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

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

5 (4) [The revenue disbursed to this account under § 2-614 of the Tax -
6 General Article; and

7 (5)] 80 percent of the funds distributed on short-term vehicle rentals
8 under § 2-1302.1 of the Tax - General Article to the Transportation Trust Fund from
9 the sales and use tax.

10 (c) (1) During each fiscal year, the Account shall be used to pay the
11 allocations of highway user revenues provided by this subtitle to the counties,
12 municipalities, and Baltimore City; and

13 (2) The balance of the Account may be used as provided in § 3-216 of this
14 article.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 July 1, 2005.