
By: **Delegates Hixson, Howard, Bozman, Conway, and Cardin**

Introduced and read first time: February 10, 2006

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Fuel Tax - Exemption for Biodiesel Fuel - Government Vehicles**

3 FOR the purpose of exempting biodiesel fuel purchased for use in certain government
4 vehicles from the State motor fuel tax; providing for the termination of this Act;
5 and generally relating to motor fuel tax exemptions for biodiesel fuel.

6 BY repealing and reenacting, with amendments,
7 Article - Tax - General
8 Section 9-303
9 Annotated Code of Maryland
10 (2004 Replacement Volume and 2005 Supplement)

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

13 **Article - Tax - General**

14 9-303.

15 (a) The motor fuel tax does not apply to motor fuel that is exported or sold for
16 exportation from this State.

17 (b) The motor fuel tax does not apply to special fuel:

18 (1) containing dye and sold for uses other than in a licensed motor
19 vehicle;

20 (2) delivered into a tank used only for heating; or

21 (3) used for any purpose other than propelling a motor vehicle or
22 turbine-powered aircraft.

23 (c) The motor fuel tax does not apply to aviation fuel that is bought for use by:

24 (1) a carrier engaged in the common carriage of individuals or property
25 under Parts 121, 127, and 129 of the Federal Aviation Regulations;

1 (2) an operator under Part 135 of the Federal Aviation Regulations if at
2 least 70% of the aviation fuel is used in the common carriage of individuals or
3 property;

4 (3) the State;

5 (4) a political subdivision of the State;

6 (5) a unit or instrumentality of the United States government; or

7 (6) a foreign government.

8 (d) The motor fuel tax does not apply to motor fuel that is bought by the
9 Department of General Services for use by State agencies.

10 (E) THE MOTOR FUEL TAX DOES NOT APPLY TO BIODIESEL FUEL WITH A
11 BLEND OF 20% (B20) OR ABOVE THAT IS BOUGHT FOR USE IN:

12 (1) COUNTY OR MUNICIPAL GOVERNMENT VEHICLES, INCLUDING
13 SCHOOL BUSES AND PASSENGER BUSES; AND

14 (2) VEHICLES OWNED BY PUBLIC INSTITUTIONS OF HIGHER
15 EDUCATION, INCLUDING PASSENGER BUSES.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 July 1, 2006. It shall remain effective for a period of 4 years and, at the end of June
18 30, 2010, with no further action required by the General Assembly, this Act shall be
19 abrogated and of no further force and effect.