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By: Delegates Hixson, Howard, Bozman, Conway, and ~~Cardin~~ Cardin, Bartlett, Boschert, Cryor, C. Davis, Elmore, Gilleland, Goodwin, Gordon, Healey, Heller, Kaiser, King, Marriott, McKee, Myers, Patterson, Ramirez, Ross, and Eckardt, and the Queen Anne's County Delegation

Introduced and read first time: February 10, 2006

Assigned to: Ways and Means

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2006

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

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

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

8 BY repealing and reenacting, with amendments,  
 9 Article - Tax - General  
 10 Section 9-303  
 11 Annotated Code of Maryland  
 12 (2004 Replacement Volume and 2005 Supplement)

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

15 **Article - Tax - General**

16 9-303.

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

- 1 (b) The motor fuel tax does not apply to special fuel:
- 2 (1) containing dye and sold for uses other than in a licensed motor  
3 vehicle;
- 4 (2) delivered into a tank used only for heating; or
- 5 (3) used for any purpose other than propelling a motor vehicle or  
6 turbine-powered aircraft.

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

- 8 (1) a carrier engaged in the common carriage of individuals or property  
9 under Parts 121, 127, and 129 of the Federal Aviation Regulations;
- 10 (2) an operator under Part 135 of the Federal Aviation Regulations if at  
11 least 70% of the aviation fuel is used in the common carriage of individuals or  
12 property;
- 13 (3) the State;
- 14 (4) a political subdivision of the State;
- 15 (5) a unit or instrumentality of the United States government; or
- 16 (6) a foreign government.

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

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

21 ~~(1) COUNTY OR MUNICIPAL GOVERNMENT VEHICLES, INCLUDING  
22 SCHOOL BUSES AND PASSENGER BUSES; AND~~

23 ~~(2) VEHICLES OWNED BY PUBLIC INSTITUTIONS OF HIGHER  
24 EDUCATION, INCLUDING PASSENGER BUSES.~~

25 (E) (1) THE MOTOR FUEL TAX FOR BIODIESEL FUEL WITH A BLEND OF 20%  
26 (B20) OR ABOVE THAT IS BOUGHT FOR USE IN COUNTY OR MUNICIPAL GOVERNMENT  
27 VEHICLES, INCLUDING SCHOOL BUSES AND PASSENGER BUSES, SHALL BE 50% OF  
28 THE MOTOR FUEL TAX SPECIFIED IN § 9-305(3) OF THIS SUBTITLE.

29 (2) THE COMPTROLLER SHALL ADOPT REGULATIONS TO IMPLEMENT  
30 AND ADMINISTER THIS SUBSECTION.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 July 1, 2006. It shall remain effective for a period of 4- 3 years and, at the end of June  
33 30, ~~2010~~ 2009, with no further action required by the General Assembly, this Act shall  
34 be abrogated and of no further force and effect.

