
By: **Delegates Kaiser, Barkley, Conroy, Dumais, Franchot, Goldwater,
Heller, Lawton, Mandel, Montgomery, Patterson, and Ross**

Introduced and read first time: February 10, 2006

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Transportation Funding - Mass Transit - Sales and Use Tax**

3 FOR the purpose of altering the distribution of sales and use tax revenue; creating a
4 Mass Transit Account within the Transportation Trust Fund; providing for the
5 distribution of certain sales and use tax revenue to the Mass Transit Account
6 within the Transportation Trust Fund; pledging certain taxes collected to pay
7 the principal of and interest on certain bonds; limiting the use of the Mass
8 Transit Account to funding certain transit expenses; providing that certain
9 revenues distributed to the Mass Transit Account are in addition to and may not
10 supplant certain other funds for mass transit; and generally relating to certain
11 taxes used for certain transportation funding.

12 BY repealing

13 Article - Transportation

14 The subtitle designation "Subtitle 4. Transportation Revenue Sharing Fund" of
15 Title 3

16 Annotated Code of Maryland

17 (2001 Replacement Volume and 2005 Supplement)

18 BY adding to

19 Article - Tax - General

20 Section 2-1302.2

21 Annotated Code of Maryland

22 (2004 Replacement Volume and 2005 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article - Tax - General

25 Section 2-1303

26 Annotated Code of Maryland

27 (2004 Replacement Volume and 2005 Supplement)

28 BY repealing and reenacting, with amendments,

1 Article - Transportation
 2 Section 3-215(b) and 3-216
 3 Annotated Code of Maryland
 4 (2001 Replacement Volume and 2005 Supplement)

5 BY adding to
 6 Article - Transportation
 7 Section 3-401 to be under the new subtitle "Subtitle 4. Mass Transit Account"
 8 Annotated Code of Maryland
 9 (2001 Replacement Volume and 2005 Supplement)

10 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 11 MARYLAND, That the subtitle designation "Subtitle 4. Transportation Revenue
 12 Sharing Fund" of Title 3 of Article - Transportation of the Annotated Code of
 13 Maryland be repealed.

14 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 15 read as follows:

16 **Article - Tax - General**

17 2-1302.2.

18 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, AFTER
 19 MAKING THE DISTRIBUTION REQUIRED UNDER §§ 2-1301 THROUGH 2-1302.1 OF THIS
 20 SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE MONTHLY 20% OF THE
 21 REMAINING SALES AND USE TAX REVENUE TO THE MASS TRANSIT ACCOUNT OF THE
 22 TRANSPORTATION TRUST FUND ESTABLISHED UNDER § 3-216 OF THE
 23 TRANSPORTATION ARTICLE.

24 (B) FOR A FISCAL YEAR BEGINNING BEFORE JULY 1, 2015, INSTEAD OF THE
 25 DISTRIBUTION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION, THE
 26 COMPTROLLER SHALL DISTRIBUTE MONTHLY TO THE MASS TRANSIT ACCOUNT THE
 27 FOLLOWING PERCENTAGE OF THE REMAINING SALES AND USE TAX REVENUE:

- 28 (1) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2006, 2%;
- 29 (2) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2007, 4%;
- 30 (3) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2008, 6%;
- 31 (4) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2009, 8%;
- 32 (5) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2010, 10%;
- 33 (6) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2011, 12%;
- 34 (7) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2012, 14%;

1 (8) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2013, 16%; AND

2 (9) FOR THE FISCAL YEAR THAT BEGINS JULY 1, 2014, 18%.

3 2-1303.

4 After making the distributions required under §§ 2-1301 through [2-1302.1]
5 2-1302.2 of this subtitle, the Comptroller shall pay:

6 (1) revenues from the hotel surcharge into the Dorchester County
7 Economic Development Fund established under Article 83A, § 5-216 of the Code; and

8 (2) the remaining sales and use tax revenue into the General Fund of the
9 State.

10 **Article - Transportation**

11 3-215.

12 (b) The tax levied and imposed by this section consists of that part of the
13 following taxes that are retained to the credit of the Department after distributions to
14 the political subdivisions:

15 (1) The motor fuel tax revenue distributed under §§ 2-1103(2) and
16 2-1104(4) of the Tax - General Article;

17 (2) The income tax revenue distributed under § 2-614 of the Tax -
18 General Article;

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

21 (4) The sales and use tax revenues distributed under § 2-1302.1 of the
22 Tax - General Article; AND

23 (5) THE SALES AND USE TAX REVENUES DISTRIBUTED UNDER § 2-1302.2
24 OF THE TAX - GENERAL ARTICLE.

25 3-216.

26 (a) There is a Transportation Trust Fund for the Department.

27 (b) Except as otherwise expressly provided by statute, there shall be credited
28 to the Transportation Trust Fund for the account of the Department all taxes, fees,
29 charges, and revenues collected or received by or paid, appropriated, or credited to the
30 account of the Department or any of its units in the exercise of their rights, powers,
31 duties, or obligations, including the cash proceeds of the sale of consolidated
32 transportation bonds, notes, or other evidences of obligation issued by the
33 Department, any General Fund appropriations, and the proceeds of any State loan or
34 federal grant made for transportation purposes.

1 (c) (1) There shall be maintained in the Transportation Trust Fund one or
2 more sinking fund accounts to which shall be credited and from which shall be paid,
3 from the proceeds of the taxes levied and imposed for that purpose or from any other
4 funds of the Department, amounts sufficient at all times to meet the debt service on
5 all bonds of prior issues and consolidated transportation bonds from time to time
6 outstanding and unpaid.

7 (2) (i) The Gasoline and Motor Vehicle Revenue Account, the Driver
8 Education Account, [and] the Motorcycle Safety Program Account, AND THE MASS
9 TRANSIT ACCOUNT shall be maintained in the Transportation Trust Fund.

10 (ii) In each fiscal year, the Department shall budget from federal
11 funds available to the Department, other funds in the Transportation Trust Fund, and
12 any other funds available to the Department, an amount sufficient to fund projects
13 and programs determined by the Secretary to be necessary to achieve the bicycle and
14 pedestrian transportation goals identified for the fiscal year under Title 2, Subtitle 6
15 of this article.

16 (d) (1) After meeting its debt service requirements, the Department may use
17 the funds in the Transportation Trust Fund for any lawful purpose related to the
18 exercise of its rights, powers, duties, and obligations.

19 (2) Expenditures under this subsection shall be made in accordance with
20 any appropriation provided for in any applicable budget bill or supplementary
21 appropriation bill. However, an appropriation proposed to be made to any unit in the
22 Department or proposed to be made for any designated transportation activity,
23 function, or undertaking that has been reduced by the General Assembly may not be
24 restored, for the same purpose as originally proposed, except in an emergency, by the
25 budget amendment procedure of § 7-209 of the State Finance and Procurement
26 Article, or otherwise if the General Assembly in striking or reducing the
27 appropriation, prohibited its restoration. However, except for emergency capital
28 projects, if the General Assembly explicitly reduces in the budget bill an
29 appropriation proposed for a major capital project as defined in § 2-103.1(a)(4) of this
30 article, the appropriation may not be restored for the same purpose as originally
31 proposed by the budget amendment procedure of § 7-209 of the State Finance and
32 Procurement Article or otherwise unless the General Assembly, in striking or
33 reducing the appropriation, expressly authorized its restoration.

34 (3) (i) During the period of fiscal years 1988 through 1992 as included
35 in the annual State Report on Transportation, the Department shall utilize all of its
36 share of the revenues attributable to the 5 cent increase of the motor fuel tax under
37 the provisions of Chapter 291 of the Acts of 1987 and credited to the Transportation
38 Trust Fund under § 2-1104 of the Tax - General Article and the proceeds of any
39 increased indebtedness based on that revenue and credited to the Transportation
40 Trust Fund to fund Department projects for the construction, reconstruction, and
41 rehabilitation of the State highway system.

42 (ii) During the period of fiscal year 1988 through fiscal year 1992
43 the total level of State funds appropriated to the State Highway Administration for

1 construction, reconstruction and rehabilitation of the State highway system,
2 including the revenues referred to in subparagraph (i) above, shall be at least 70
3 percent of the total appropriation of State funds in the consolidated transportation
4 capital program.

5 (iii) The Secretary of the Department shall submit, subject to §
6 2-1246 of the State Government Article, to the Legislative Policy Committee and the
7 Department of Legislative Services a report:

8 1. Prior to the beginning of each session through the 1991
9 session, detailing the intended use of the new revenues; and

10 2. Prior to the beginning of each session beginning with the
11 1989 session and through the 1993 session, detailing the actual use of the new
12 revenues in the prior fiscal year.

13 (4) Of the new revenues derived under the provisions of Chapter 291 of
14 the Acts of 1987 and credited to the Department, \$31,000,000 shall be transferred to
15 the Maryland Emergency Medical Service System Fund at such time as determined
16 by the Secretary of Budget and Management.

17 (5) For each fiscal year, the Department shall use the funds in the
18 Transportation Trust Fund for the purposes specified in subsection (c)(2)(ii) of this
19 section, which may include construction and maintenance of:

20 (i) Public bicycle areas as defined in § 21-101(k) of this article;

21 (ii) Bicycle ways as defined in § 21-101(l) of this article; and

22 (iii) Sidewalks as defined in § 21-101(t) of this article.

23 (6) Each year, before the General Assembly considers the proposed
24 Maryland Transportation Plan and the Consolidated Transportation Program, the
25 Department shall report to the General Assembly, in accordance with § 2-1246 of the
26 State Government Article, on:

27 (i) The expenditures made toward the attainment of the bicycle
28 and pedestrian transportation goals during the preceding fiscal year under Title 2,
29 Subtitle 6 of this article; and

30 (ii) The progress made toward attainment of the bicycle and
31 pedestrian transportation goals identified for the fiscal year under Title 2, Subtitle 6
32 of this article.

33 (e) (1) Except as otherwise provided in this subsection, this section is
34 effective notwithstanding any other provision of law.

35 (2) Nothing in this section may adversely affect in any way the security
36 of any of the following bonds while they are outstanding and unpaid:

1 (i) State highway construction bonds, second issue;

2 (ii) State highway construction bonds, third issue;

3 (iii) County highway construction bonds; or

4 (iv) County highway construction bonds, second issue.

5 (3) It is the intent of the General Assembly that, as long as any of the
6 bonds listed in paragraph (2) of this subsection are outstanding and unpaid:

7 (i) The sinking fund requirements established for the payment of
8 the principal of and interest on those bonds shall remain unchanged, as if this section
9 had not been enacted; and

10 (ii) The taxes and revenues pledged to the payment of the principal
11 of and interest on those bonds as they become due and payable may not be repealed,
12 diminished, or applied to any other purpose until:

13 1. The bonds and the interest on them have become due and
14 fully paid; or

15 2. Adequate and complete provision for payment of the
16 principal and interest has been made.

17 (f) (1) No part of the Transportation Trust Fund may revert or be credited to
18 the general funds of this State. No part of the Transportation Trust Fund may revert
19 or be credited to a special fund of the State, unless otherwise provided by law. No part
20 of the Transportation Trust Fund may revert or be credited to a special fund of the
21 State pursuant to the provisions of § 7-209(e)(2) of the State Finance and
22 Procurement Article, unless the transfer is approved by the Legislative Policy
23 Committee. Failure of the Legislative Policy Committee to reject the transfer within
24 15 days after presentation before the Legislative Policy Committee shall be deemed to
25 be approval.

26 (2) Notwithstanding any other provision of law, for fiscal year 1984 only,
27 \$29,000,000 of the funds in the Transportation Trust Fund which are not required by
28 law to be distributed to the counties or Baltimore City and which have not been
29 pledged or otherwise committed to the payment of or as security for the payment of
30 any bonds or debt issued or incurred pursuant to this article shall be transferred and
31 credited to the general funds of the State on or before June 30, 1984 and shall be
32 available for appropriation from the general funds in fiscal year 1984.

33 SUBTITLE 4. MASS TRANSIT ACCOUNT.

34 3-401.

35 (A) THERE IS A MASS TRANSIT ACCOUNT IN THE TRANSPORTATION TRUST
36 FUND.

1 (B) ALL REVENUES DISTRIBUTED TO THE TRANSPORTATION TRUST FUND
2 UNDER § 2-1302.2 OF THE TAX - GENERAL ARTICLE SHALL BE CREDITED TO THE
3 MASS TRANSIT ACCOUNT.

4 (C) THE MASS TRANSIT ACCOUNT SHALL BE USED ONLY TO FUND THE
5 CAPITAL AND OPERATING EXPENSES OF THE MARYLAND TRANSIT ADMINISTRATION,
6 THE CAPITAL AND OPERATING EXPENSES OF THE WASHINGTON METROPOLITAN
7 AREA TRANSIT AUTHORITY, AND GRANTS TO LOCAL JURISDICTIONS FOR MASS
8 TRANSIT CAPITAL AND OPERATING EXPENSES.

9 (D) (1) THIS SECTION MAY NOT BE CONSTRUED TO REQUIRE THAT THE
10 MASS TRANSIT ACCOUNT BE THE SOLE SOURCE OF FUNDING FOR THE CAPITAL AND
11 OPERATING EXPENSES OF THE MARYLAND TRANSIT ADMINISTRATION, THE CAPITAL
12 AND OPERATING EXPENSES OF THE WASHINGTON METROPOLITAN AREA TRANSIT
13 AUTHORITY, OR LOCAL GRANTS TO LOCAL JURISDICTIONS FOR MASS TRANSIT
14 CAPITAL AND OPERATING EXPENSES.

15 (2) THE REVENUES CREDITED TO THE MASS TRANSIT ACCOUNT UNDER
16 THIS SECTION ARE IN ADDITION TO AND MAY NOT SUPPLANT ANY FUNDS WITHIN
17 THE TRANSPORTATION TRUST FUND NECESSARY TO PAY THE PROJECTED MASS
18 TRANSIT OPERATING AND CAPITAL COSTS IDENTIFIED IN THE DEPARTMENT'S
19 APPROVED CONSOLIDATED TRANSPORTATION PROGRAM FOR FISCAL YEARS 2006
20 THROUGH 2011.

21 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
22 effect July 1, 2006.