

# HOUSE BILL 5

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By: **The Speaker (By Request – Administration)**

Introduced and read first time: October 29, 2007

Assigned to: Ways and Means and Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Transportation Investment Act**

3 FOR the purpose of altering the motor fuel tax rates for certain motor fuel; providing  
4 for certain increases in the motor fuel tax rates for certain motor fuel for certain  
5 periods under certain circumstances; requiring the Comptroller to make certain  
6 determinations and announcements; providing for the payment of certain taxes  
7 on certain tax–paid motor fuel held as of certain dates; increasing the maximum  
8 allowable aggregate amount of outstanding and unpaid consolidated  
9 transportation bonds and bonds of prior issues; altering the vehicle excise tax  
10 rate for certain motor vehicles, trailers, and semitrailers; altering the  
11 distribution of the revenue collected from the sales and use tax on short–term  
12 vehicle rentals; altering the distribution of the income tax revenue from  
13 corporations; altering the distribution of revenue collected from the motor fuel  
14 tax; altering the distribution of certain moneys received under the Maryland  
15 Vehicle Law; altering the distribution of revenue collected from certain special  
16 license tag fees; altering the distribution of revenue collected from certain  
17 security interest filing fees; requiring the Governor to include certain  
18 appropriations in the budget bill for each fiscal year; defining a certain term;  
19 providing for the application of certain provisions of this Act; providing for the  
20 effective date of this Act; and generally relating to transportation financing and  
21 revenues to be collected and distributed to the Transportation Trust Fund.

22 BY repealing and reenacting, with amendments,  
23 Article – Tax – General  
24 Section 9–305  
25 Annotated Code of Maryland  
26 (2004 Replacement Volume and 2007 Supplement)

27 BY repealing and reenacting, with amendments,  
28 Article – Transportation  
29 Section 3–202

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland  
2 (2001 Replacement Volume and 2007 Supplement)

3 BY repealing and reenacting, with amendments,  
4 Article – Transportation  
5 Section 13–809(c)(1)  
6 Annotated Code of Maryland  
7 (2006 Replacement Volume and 2007 Supplement)

8 BY repealing and reenacting, without amendments,  
9 Article – Transportation  
10 Section 13–809(b)(1)  
11 Annotated Code of Maryland  
12 (2006 Replacement Volume and 2007 Supplement)

13 BY adding to  
14 Article 24 – Political Subdivisions – Miscellaneous Provisions  
15 Section 9–1104  
16 Annotated Code of Maryland  
17 (2005 Replacement Volume and 2007 Supplement)

18 BY adding to  
19 Article – Environment  
20 Section 9–1605.3  
21 Annotated Code of Maryland  
22 (2007 Replacement Volume and 2007 Supplement)

23 BY adding to  
24 Article – Natural Resources  
25 Section 4–209(k)  
26 Annotated Code of Maryland  
27 (2005 Replacement Volume and 2007 Supplement)

28 BY adding to  
29 Article – Natural Resources  
30 Section 8–707(d)  
31 Annotated Code of Maryland  
32 (2007 Replacement Volume)

33 BY repealing and reenacting, with amendments,  
34 Article – Tax – General  
35 Section 2–614, 2–1103, and 2–1302.1  
36 Annotated Code of Maryland  
37 (2004 Replacement Volume and 2007 Supplement)

38 BY repealing  
39 Article – Tax – General  
40 Section 2–1102 and 2–1104

1 Annotated Code of Maryland  
2 (2004 Replacement Volume and 2007 Supplement)

3 BY repealing and reenacting, without amendments,  
4 Article – Transportation  
5 Section 8–402  
6 Annotated Code of Maryland  
7 (2001 Replacement Volume and 2007 Supplement)

8 BY repealing and reenacting, without amendments,  
9 Article – Transportation  
10 Section 12–118(a)  
11 Annotated Code of Maryland  
12 (2006 Replacement Volume and 2007 Supplement)

13 BY repealing and reenacting, with amendments,  
14 Article – Transportation  
15 Section 12–118(b) and 13–613(d)  
16 Annotated Code of Maryland  
17 (2006 Replacement Volume and 2007 Supplement)

18 BY repealing  
19 Article – Transportation  
20 Section 13–208 and 13–613(e)  
21 Annotated Code of Maryland  
22 (2006 Replacement Volume and 2007 Supplement)

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

25 **Article – Tax – General**

26 9–305.

27 (A) [The] **SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE** motor fuel  
28 tax rate is:

29 (1) 7 cents for each gallon of aviation gasoline;

30 (2) [23.5] **24** cents for each gallon of gasoline other than aviation  
31 gasoline;

32 (3) [24.25] **24.75** cents for each gallon of special fuel other than  
33 clean–burning fuel or turbine fuel;

34 (4) 7 cents for each gallon of turbine fuel; and

1           (5) [23.5] **24** cents for each gasoline-equivalent gallon of  
2 clean-burning fuel except electricity.

3           **(B) (1) (I) THIS SUBSECTION APPLIES TO THE MOTOR FUEL TAX**  
4 **RATE EFFECTIVE BEGINNING JANUARY 1, 2009.**

5                       **(II) AN INCREASE IN THE MOTOR FUEL TAX RATE UNDER**  
6 **THIS SUBSECTION SHALL BE EFFECTIVE FOR A PERIOD OF 1 YEAR.**

7           **(2) SUBJECT TO THE LIMITATIONS UNDER PARAGRAPH (3) OF**  
8 **THIS SUBSECTION, FOR MOTOR FUELS SPECIFIED IN SUBSECTION (A)(2), (3),**  
9 **AND (5) OF THIS SECTION OTHER THAN AVIATION GASOLINE OR TURBINE FUEL,**  
10 **THE MOTOR FUEL TAX RATE SHALL BE INCREASED EFFECTIVE JANUARY 1 OF**  
11 **EACH YEAR BY THE AMOUNT, ROUNDED UP TO THE NEAREST ONE-TENTH OF A**  
12 **CENT, THAT EQUALS THE PRODUCT OF MULTIPLYING:**

13                       **(I) THE MOTOR FUEL TAX RATE IN EFFECT FOR THE**  
14 **PRECEDING CALENDAR YEAR; AND**

15                       **(II) THE ANNUAL PERCENTAGE GROWTH IN THE**  
16 **CONSTRUCTION COST INDEX AS DETERMINED BY THE COMPTROLLER UNDER**  
17 **SUBSECTION (C)(2) OF THIS SECTION.**

18           **(3) (I) FOR ANY CALENDAR YEAR, THE MOTOR FUEL TAX**  
19 **RATES MAY NOT BE INCREASED BY MORE THAN 1 CENT PER GALLON OVER THE**  
20 **RATES IN EFFECT FOR THE PRECEDING CALENDAR YEAR.**

21                       **(II) IF THERE IS NO INCREASE IN THE ANNUAL PERCENTAGE**  
22 **GROWTH IN THE CONSTRUCTION COST INDEX, THE MOTOR FUEL TAX RATES**  
23 **SHALL BE THE TAX RATES IN EFFECT FOR THE PRECEDING CALENDAR YEAR.**

24           **(4) THE COMPTROLLER SHALL REQUIRE ANY PERSON**  
25 **POSSESSING TAX-PAID MOTOR FUEL FOR SALE AT THE START OF BUSINESS ON**  
26 **THE DATE OF ANY INCREASE IN THE MOTOR FUEL TAX UNDER THIS SUBSECTION**  
27 **TO COMPILE AND FILE AN INVENTORY OF THE MOTOR FUEL HELD AT THE CLOSE**  
28 **OF BUSINESS ON THE PRECEDING DATE AND REMIT WITHIN 30 DAYS ANY**  
29 **ADDITIONAL MOTOR FUEL TAX THAT IS DUE ON THE MOTOR FUEL.**

30           **(C) (1) IN THIS SECTION, “CONSTRUCTION COST INDEX” MEANS AN**  
31 **INDEX PUBLISHED MONTHLY BY THE ENGINEERING NEWS-RECORD THAT IS A**  
32 **WEIGHTED AGGREGATE INDEX OF THE PRICES OF CONSTANT QUANTITIES OF**  
33 **STRUCTURAL STEEL, PORTLAND CEMENT, LUMBER, AND COMMON LABOR.**

1           (2) ON OR BEFORE OCTOBER 15 OF EACH YEAR, THE  
2 COMPTRROLLER SHALL DETERMINE AND ANNOUNCE:

3                   (I) THE ANNUAL PERCENTAGE GROWTH IN THE  
4 CONSTRUCTION COST INDEX BASED ON THE CHANGE IN THE INDEX REPORTED  
5 FROM THE PRECEDING OCTOBER THROUGH THE CURRENT OCTOBER INDEX;  
6 AND

7                   (II) THE MOTOR FUEL TAX RATES EFFECTIVE JANUARY 1 OF  
8 THE NEXT CALENDAR YEAR.

9                                   **Article – Transportation**

10 3–202.

11           (a) The Department from time to time may issue its bonds on behalf of this  
12 State to finance the cost of any one or more or combination of transportation facilities.

13           (b) The bonds shall be known as “consolidated transportation bonds” and  
14 may be issued in any amount as long as the aggregate outstanding and unpaid  
15 principal balance of these bonds and bonds of prior issues does not exceed at any one  
16 time the sum of [\$2.0] **\$3.0** billion.

17           (c) The maximum outstanding and unpaid principal balance of consolidated  
18 transportation bonds and bonds of prior issues as of June 30 for the next fiscal year:

19                   (1) Shall be established each year by the General Assembly in the  
20 State budget; and

21                   (2) May not exceed the limit established in subsection (b) of this  
22 section.

23 13–809.

24           (b) (1) Except as otherwise provided in this part, in addition to any other  
25 charge required by the Maryland Vehicle Law, an excise tax is imposed:

26                   (i) For each original and each subsequent certificate of title  
27 issued in this State for a motor vehicle, trailer, or semitrailer; and

28                   (ii) Except as provided in paragraph (2) of this subsection, for  
29 each motor vehicle, trailer, or semitrailer that is in interstate operation and registered  
30 under § 13–109(c) or (d) of this title without a certificate of title.

31           (c) (1) Except as provided in subsection (b)(2) of this section, the tax  
32 imposed by this section is [5 percent] **6 PERCENT** of the fair market value of the  
33 vehicle.

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

3 **Article 24 – Political Subdivisions – Miscellaneous Provisions**

4 **9–1104.**

5 **THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL FOR EACH FISCAL**  
6 **YEAR A GENERAL FUND APPROPRIATION TO BALTIMORE CITY OF \$3,075,000.**

7 **Article – Environment**

8 **9–1605.3.**

9 **THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL FOR EACH FISCAL**  
10 **YEAR A GENERAL FUND APPROPRIATION FOR CHESAPEAKE BAY RELATED**  
11 **PROGRAMS OF NOT LESS THAN \$13,755,000.**

12 **Article – Natural Resources**

13 4–209.

14 **(K) THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL FOR EACH**  
15 **FISCAL YEAR A GENERAL FUND APPROPRIATION TO THE FISHERIES RESEARCH**  
16 **AND DEVELOPMENT FUND OF NOT LESS THAN \$1,794,000.**

17 8–707.

18 **(D) THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL FOR EACH**  
19 **FISCAL YEAR A GENERAL FUND APPROPRIATION TO THE WATERWAY**  
20 **IMPROVEMENT FUND OF NOT LESS THAN \$1,794,000.**

21 **Article – Tax – General**

22 2–614.

23 **[(a)]** After making the distribution required under § 2–613 of this subtitle, the  
24 Comptroller shall distribute monthly 24% of the remaining income tax revenue from  
25 corporations to [a special fund to be distributed as provided in subsection (b) of this  
26 section.

27 **(b) (1)** From the special fund, the Comptroller shall distribute an amount  
28 equal to 24% of the cost to administer the income tax on corporations to an  
29 administrative cost account.

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

4 [2-1102.

5           After making the distributions required under § 2-1101 of this subtitle, from  
6 the remaining motor fuel tax revenue, the Comptroller shall distribute the amount  
7 necessary to administer the Motor Fuel Tax Bureau of the Regulatory and  
8 Enforcement Division of the Comptroller's Office to an administrative cost account.]

9 [2-1103.] **2-1102.**

10           After making the [distributions] **DISTRIBUTION** required under [§§ 2-1101 and  
11 2-1102] § **2-1101** of this subtitle, the Comptroller shall distribute:

12           (1) the remaining motor fuel tax revenue from aviation fuel to the  
13 Transportation Trust Fund; and

14           (2) all remaining motor fuel tax revenue[, equal to the average  
15 percentage by which the motor fuel tax rate exceeds 18.5 cents per gallon, to the  
16 gasoline and motor vehicle revenue account] **TO THE GASOLINE AND MOTOR**  
17 **VEHICLE REVENUE ACCOUNT** in the Transportation Trust Fund.

18 [2-1104.

19           After making the distributions required under §§ 2-1101 through 2-1103 of this  
20 subtitle, from the remaining motor fuel tax revenue, the Comptroller shall distribute:

21           (1) 0.3% to the Waterway Improvement Fund;

22           (2) 0.3% to the Fisheries Research and Development Fund;

23           (3) 2.3% to the General Fund of the State for Chesapeake Bay related  
24 programs; and

25           (4) any remaining balance to the Gasoline and Motor Vehicle Revenue  
26 Account of the Transportation Trust Fund.]

27 2-1302.1.

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

**Article - Transportation**

8-402.

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

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

(1) All of the motor vehicle fuel tax;

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

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

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

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

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

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

12-118.

(a) Except as specifically provided by law, all money received under the Maryland Vehicle Law shall be accounted for and remitted to the State Comptroller.

(b) Out of the money remitted to the State Comptroller under the Maryland Vehicle Law, the State Comptroller shall:

(1) Pay or retain enough to pay all refunds of taxes or fees provided for in the Maryland Vehicle Law;

(2) Credit to the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund the revenues specified in § 8-402 of this article, after retaining enough to pay[:

1 (i) The] **THE** salaries and other expenses of the State Highway  
2 Administration in enforcing Title 24 of this article; **AND**

3 [(ii) The salaries and other expenses of the Commercial Vehicle  
4 Enforcement Division of the Department of State Police as approved by the  
5 Department in enforcing Title 23, Subtitle 4 of this article, Title 24 of this article, the  
6 provisions of the Tax – General Article on the motor carrier tax, and the provisions of  
7 Title 10 of the Business Regulation Article on motor fuel fraud and motor fuel tax  
8 fraud;

9 (iii) Funds required, in addition to the funding provided in  
10 § 13–804 of this article, for the salaries and other expenses of the Automotive Safety  
11 Enforcement Division of the Department of State Police as approved by the  
12 Department in enforcing Title 23 of this article and Subtitle 6 of Title 22 of this article;  
13 and

14 (iv) The salaries and other expenses of the Department of State  
15 Police and other State agencies, as approved by the Department, in enforcing the  
16 provisions of § 25–111 of this article; and]

17 (3) Credit the balance to the Transportation Trust Fund.

18 [13–208.

19 (a) Of each filing fee received under this subtitle, the Administration shall  
20 deposit \$14 in the General Fund.

21 (b) For each fiscal year, the Comptroller shall distribute to Baltimore City an  
22 amount equal to \$5 for each filing fee received under this subtitle.]

23 13–613.

24 (d) [Except as provided in subsection (e) of this section, of the] **THE** proceeds  
25 collected annually from the additional fees charged under this section[:

26 (1) The first \$180,000 shall be paid into a special fund administered by  
27 the Maryland Higher Education Commission for use in the medical, dental, legal,  
28 nursing, social work, and pharmaceutical scholarship programs provided by this State;

29 (2) The next \$200,000 shall be used solely for the purposes of the  
30 scholarship program authorized by §§ 18–1101 through 18–1105 of the Education  
31 Article; and

32 (3) Except as otherwise provided by law, any balance shall be  
33 distributed to the General Fund of the State] **SHALL BE DISTRIBUTED TO THE**  
34 **TRANSPORTATION TRUST FUND.**

1           [(e) (1) The Administration shall keep \$12.50 of the fee payable with the  
2 original application for special registration under this section to recover the  
3 administrative and production costs of the special registration.

4           (2) Funds kept by the Administration under this subsection may not  
5 be credited to the Gasoline and Motor Vehicle Revenue Account for distribution under  
6 § 8–403 or § 8–404 of this article.]

7           SECTION 3. AND BE IT FURTHER ENACTED, That § 13–809 of the  
8 Transportation Article as enacted by Section 1 of this Act shall be applicable to all  
9 certificates of title issued in the State on or after January 1, 2008, and to all motor  
10 vehicles, trailers, or semitrailers subject to the excise tax that are in interstate  
11 operation and registered under § 13–109(c) or (d) of the Transportation Article without  
12 a certificate of title on or after January 1, 2008.

13           SECTION 4. AND BE IT FURTHER ENACTED, That each person holding  
14 tax–paid motor fuel for sale at the start of business on January 1, 2008, shall compile  
15 and file an inventory of the motor fuel held at the close of business on December 31,  
16 2007, and remit within 30 days any additional motor fuel tax that is due on the motor  
17 fuel.

18           SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act  
19 shall take effect July 1, 2008.

20           SECTION 6. AND BE IT FURTHER ENACTED, That except as provided in  
21 Section 5 of this Act, this Act shall take effect January 1, 2008.