

SENATE BILL 5

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

Introduced and read first time: October 29, 2007

Assigned to: Budget and Taxation

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

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 COMPROLLER 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.

1 Article – Transportation

2 8–402.

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

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

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

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

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

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

14 (5) 80 percent of the funds distributed on short-term vehicle rentals
15 under § 2–1302.1 of the Tax – General Article to the Transportation Trust Fund from
16 the sales and use tax.

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

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

22 12–118.

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

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

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

29 (2) Credit to the Gasoline and Motor Vehicle Revenue Account of the
30 Transportation Trust Fund the revenues specified in § 8–402 of this article, after
31 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.