

# HOUSE BILL 423

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By: **Delegate Bronrott**

Introduced and read first time: February 3, 2009

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Motor Fuel Tax - Indexing**

3 FOR the purpose of providing for certain increases in the motor fuel tax rates for  
4 certain motor fuel for certain periods under certain circumstances; requiring the  
5 Comptroller to make certain determinations and announcements; providing for  
6 the payment of certain taxes on certain tax-paid motor fuel held as of certain  
7 dates; and generally relating to motor fuel tax.

8 BY repealing and reenacting, with amendments,  
9 Article - Tax - General  
10 Section 9-305  
11 Annotated Code of Maryland  
12 (2004 Replacement Volume and 2008 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 9-305.

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

19 (1) 7 cents for each gallon of aviation gasoline;

20 (2) 23.5 cents for each gallon of gasoline other than aviation gasoline;

21 (3) 24.25 cents for each gallon of special fuel other than  
22 clean-burning fuel or turbine fuel;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (4) 7 cents for each gallon of turbine fuel; and

2 (5) 23.5 cents for each gasoline-equivalent gallon of  
3 clean-burning fuel except electricity.

4 (B) (1) IN THIS SUBSECTION, "CONSTRUCTION COST INDEX" MEANS  
5 AN INDEX PUBLISHED MONTHLY BY THE ENGINEERING NEWS-RECORD THAT IS  
6 A WEIGHTED AGGREGATE INDEX OF THE PRICES OF CONSTANT QUANTITIES OF  
7 STRUCTURAL STEEL, PORTLAND CEMENT, LUMBER, AND COMMON LABOR.

8 (2) (I) THIS SUBSECTION APPLIES TO THE MOTOR FUEL TAX  
9 RATE EFFECTIVE BEGINNING JULY 1, 2010.

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

12 (3) SUBJECT TO THE LIMITATIONS UNDER PARAGRAPH (4) OF  
13 THIS SUBSECTION, THE MOTOR FUEL TAX RATE SPECIFIED IN SUBSECTION  
14 (A)(2), (3), AND (5) OF THIS SECTION FOR MOTOR FUELS OTHER THAN AVIATION  
15 GASOLINE OR TURBINE FUEL SHALL BE INCREASED EFFECTIVE JULY 1 OF EACH  
16 YEAR BY THE AMOUNT, ROUNDED UP TO THE NEAREST ONE-TENTH OF A CENT,  
17 THAT EQUALS THE PRODUCT OF MULTIPLYING:

18 (I) THE MOTOR FUEL TAX RATE IN EFFECT ON JUNE 30 OF  
19 THE PRECEDING FISCAL YEAR; AND

20 (II) THE ANNUAL PERCENTAGE GROWTH IN THE  
21 CONSTRUCTION COST INDEX AS DETERMINED BY THE COMPTROLLER UNDER  
22 PARAGRAPH (6) OF THIS SUBSECTION.

23 (4) (I) FOR ANY FISCAL YEAR, THE MOTOR FUEL TAX RATES  
24 MAY NOT BE INCREASED BY MORE THAN 1 CENT PER GALLON OVER THE RATES  
25 IN EFFECT ON JUNE 30 OF THE PRECEDING FISCAL YEAR.

26 (II) IF THERE IS NO INCREASE IN THE ANNUAL PERCENTAGE  
27 GROWTH IN THE CONSTRUCTION COST INDEX, THE MOTOR FUEL TAX RATES  
28 SHALL BE THE TAX RATES IN EFFECT ON JUNE 30 OF THE PRECEDING FISCAL  
29 YEAR.

30 (5) THE COMPTROLLER SHALL REQUIRE ANY PERSON  
31 POSSESSING TAX-PAID MOTOR FUEL FOR SALE AT THE START OF BUSINESS ON  
32 THE DATE OF ANY INCREASE IN THE MOTOR FUEL TAX UNDER THIS SUBSECTION  
33 TO COMPILE AND FILE AN INVENTORY OF THE MOTOR FUEL HELD AT THE CLOSE

1 OF BUSINESS ON THE PRECEDING DATE AND REMIT WITHIN 30 DAYS ANY  
2 ADDITIONAL MOTOR FUEL TAX THAT IS DUE ON THE MOTOR FUEL.

3 (6) ON OR BEFORE APRIL 1 OF EACH YEAR, THE COMPTROLLER  
4 SHALL DETERMINE AND ANNOUNCE:

5 (I) THE ANNUAL PERCENTAGE GROWTH IN THE  
6 CONSTRUCTION COST INDEX BASED ON THE CHANGE IN THE INDEX REPORTED  
7 FROM THE PRECEDING APRIL INDEX THROUGH THE CURRENT APRIL INDEX;  
8 AND

9 (II) THE MOTOR FUEL TAX RATES EFFECTIVE JULY 1 OF THE  
10 NEXT FISCAL YEAR.

11 SECTION 2. AND BE IT FURTHER ENACTED, That:

12 (a) In this section, “construction cost index” means an index published  
13 monthly by the Engineering News–Record that is a weighted aggregate index of the  
14 prices of constant quantities of structural steel, portland cement, lumber, and common  
15 labor.

16 (b) (1) This section applies to the motor fuel tax rate under § 9–305(a) of  
17 the Tax – General Article effective beginning October 1, 2009.

18 (2) An increase in the motor fuel tax rate under this subsection shall  
19 be effective for a period of 9 months.

20 (c) Notwithstanding the provisions of § 9–305 of the Tax – General Article,  
21 as enacted by Section 1 of this Act, subject to the limitations under subsection (d) of  
22 this section, for motor fuels the motor fuel tax rate specified in § 9–305(a)(2), (3), and  
23 (5) of the Tax – General Article for motor fuels other than aviation gasoline or turbine  
24 fuel, shall be increased effective October 1, 2009, by the amount, rounded up to the  
25 nearest one–tenth of a cent, that equals the product of multiplying:

26 (1) the motor fuel tax rate in effect on June 30, 2009; and

27 (2) the annual percentage growth in the construction cost index as  
28 determined by the Comptroller under subsection (f) of this section.

29 (d) (1) For the period from October 1, 2009, through June 30, 2010, the  
30 motor fuel tax rates may not be increased by more than 1 cent per gallon over the  
31 rates in effect on June 30, 2009.

32 (2) If there is no increase in the annual percentage growth in the  
33 construction cost index, the motor fuel tax rates shall be the tax rates in effect on June  
34 30, 2009.

1           (e)     The Comptroller shall require any person possessing tax-paid motor fuel  
2 for sale at the start of business on the date of any increase in the motor fuel tax under  
3 this section to compile and file an inventory of the motor fuel held at the close of  
4 business on the preceding date and remit within 30 days any additional motor fuel tax  
5 that is due on the motor fuel.

6           (f)     On or before July 1, 2009, the Comptroller shall determine and announce:

7                   (1)     the annual percentage growth in the construction cost index based  
8 on the change in the index reported from the preceding July through the current July  
9 index; and

10                   (2)     the motor fuel tax rates effective October 1, 2009.

11           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 June 1, 2009.