

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

House Bill 1533  
Ways and Means

(Delegates Conway and Mathias)

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**Motor Fuel Tax - Refund - Mobile Cranes**

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This bill allows a refund equal to 80% of the motor fuel tax paid for use by a mobile crane.

The bill takes effect July 1, 2009.

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**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) revenues will decrease beginning in FY 2010 as a result of motor fuel tax refunds. The revenue decrease may range from \$3,000 to \$776,800 depending on the types of vehicles eligible for the tax refund. Expenditures are not affected.

**Local Effect:** Local highway user revenues will decrease beginning in FY 2010. The local revenue decrease may range from \$900 to \$233,000 annually, depending on the type of vehicles eligible for the tax refund. Local expenditures are not affected.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** Motor fuel that is purchased to operate a mobile crane is subject to the State motor fuel tax. The State motor fuel tax rate per gallon or gasoline-equivalent gallon is: 23.5 cents for gasoline; 24.25 cents for special fuel (diesel); 7.0 cents for aviation fuel; and 23.5 cents for clean burning fuel.

A claim for a refund of the motor fuel tax may be filed for motor fuel used in certain vehicles that have pumping or other equipment mechanically or hydraulically driven by the engine that propels the vehicle. **Exhibit 1** lists the eligible vehicles, the percentage of motor fuel tax refund allowed, and total amount of refunds issued in fiscal 2008.

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**Exhibit 1**  
**Motor Fuel Refunds by Vehicle Type**

<u>Vehicle</u>	<u>Refund Percentage</u>	<u>Refunds in Fiscal 2008</u>
Concrete mixing	35%	\$339,857
Motor fuel delivery	10%	10,298
Solid waste compacting	15%	114,088
Well-drilling	80%	2,961
Specified farm equipment	55%	<u>1,500</u>
<b>Total</b>		<b>\$468,704</b>

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**Background:** Several states allow for a partial refund of the motor fuel tax paid for fuel used to operate a mobile crane including: Washington (25%), Montana (30%), Nevada (30%), Indiana (42%), and South Carolina (42%). Refunds in Iowa are based on a study of fuel usage while Kansas refunds are based on a sample test period or information from the use of an on board computer.

**State Revenues:** TTF revenues will decrease beginning in fiscal 2010 as a result of partial refunds for motor fuel used in mobile cranes. A mobile crane must meet current law requirements for other vehicles that qualify for a refund; in that the vehicle must have pumping or other equipment mechanically or hydraulically driven by the engine that propels the vehicle. However, the bill does not define a mobile crane.

The Comptroller's Office advises that a wide range of vehicles may potentially qualify for refunds under the bill including mobile construction cranes as well as vehicles used for telephone, cable, and electrical utility maintenance equipment. Depending on the types of vehicles that qualify, the decrease in TTF revenues in each year may range from the amount of refunds issued to well-drilling equipment \$3,000 to a similar amount refunded to concrete mixing vehicles adjusted for the higher refund percentage \$776,800.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Comptroller's Office, Maryland Department of Transportation,  
Department of Legislative Services

**Fiscal Note History:** First Reader - March 23, 2009  
mlm/hlb

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Analysis by: Robert J. Rehrmann

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510