Department of Legislative Services

Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 830 (Senator Miller, *et al.*)
Budget and Taxation

Transportation Financing Act

This bill authorizes the Maryland Transit Administration (MTA) to establish two transit benefit districts to finance, construct, operate, and maintain transit facilities and transit services. MTA may establish one district in the Baltimore metropolitan area and one in the Washington metropolitan area. Each transit benefit district is authorized to impose a property tax and to issue bonds. The bill also (1) imposes an additional 3% sales and use tax equivalent rate on all fuels except aviation gasoline and turbine fuel based on the retail price of gasoline and (2) authorizes counties to impose a motor fuel tax of up to five cents per gallon.

The bill takes effect June 1, 2013, except for the motor fuel tax provisions that take effect January 1, 2014.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues increase by $162.1 million in FY 2014, with the State share totaling $146.5 million. Maryland Department of Transportation (MDOT) federal fund revenues decrease by $30.8 million in FY 2014 due to establishing the transit benefit districts. TTF special fund/federal fund expenditures decrease by $82.2 million in FY 2014 due to establishing the districts. Nonbudgeted expenditures increase by $250,000 in FY 2014 and 2015 due to implementation costs at the Maryland Transportation Authority.

($ in millions)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
SF Revenue	$162.1	$339.7	$353.7	$365.6	$378.6
FF Revenue	($30.8)	$0	$0	$0	$0
SF/FF Exp.	($82.2)	$0	$0	$0	$0
NonBud Exp.	$.3	$.3	$0	$0	$0
Net Effect	$213.3	$339.7	$353.7	$365.6	$378.6

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local revenues may increase by $93.8 million in FY 2014 and by $199.5 million in FY 2018 due to additional motor fuel tax revenues. Local finances may also be impacted as discussed below.

Small Business Effect: Meaningful.

Analysis

Bill Summary:

Overview

The bill authorizes MTA to establish two transit benefit districts to finance, construct, operate, repair, and maintain in good order transit facilities and transit services. MTA may establish one district in the Baltimore metropolitan area and the other in the Washington metropolitan area. The districts may comprise part or all of a county within each area, and the bill specifies the powers and authorities of the districts, including the authority to impose a property tax and issue bonds. Each district is given general and exclusive jurisdiction over its respective transit facility and service. MDOT is prohibited from exercising jurisdiction or authority over the transit facilities and the transit services they provide.

The bill imposes an additional tax (sales and use tax equivalent rate) on motor fuel based on the retail price of regular, unleaded gasoline, excluding federal and State taxes, as determined by the Comptroller's Office. The tax rate is determined by multiplying 3% times the applicable semiannual average retail price determined by the Comptroller's Office, less State and federal taxes, to the nearest tenth of a cent.

The bill authorizes counties to impose, by law, a five cent per gallon motor fuel tax. Beginning in calendar 2017, the bill will impose a motor fuel tax in any county that does not impose a tax at the maximum rate, in the amount of the difference between the motor fuel tax rate the county imposes and five cents.

Transit Benefit Districts – Establishment

Transit benefit districts must finance, construct, operate, repair, and maintain in good order a transit facility and services. Each district is given general and exclusive jurisdiction over its transit facility and service. MDOT is prohibited from exercising jurisdiction or authority over the transit facility and the transit services they provide.

MTA must define the regional boundaries of a district and may include only a portion of a county in a district. MTA must establish the membership of a district's governing body; however, the membership must (1) include members of the governing body of a local government within the district and (2) local representation must be in proportion to the size of the local government within the district.

At least 30 days prior to establishing a transit benefit district, MTA must publish a report containing specified information. A public hearing must be held on the report, after providing notice at least 15 days before the hearing in a specified manner. MTA must also consult with any local governing body within a proposed district prior to establishing a district.

Transit Benefit Districts – Jurisdiction and Powers

Transit benefit districts are authorized to (1) acquire, hold, and dispose of property; (2) sue and be sued in their own name; (3) make contracts and agreements; (4) employ and fix the compensation of employees and other agents; (5) apply for and receive grants; (6) condemn property in a specified manner; (7) fix, revise, charge, and collect rentals, rates, fees, fares, and other charges for the use of their facilities or services; and (8) adopt regulations.

Transit Benefit Districts – Financing

Transit benefit districts are authorized, within the limits of their respective districts, to impose a property tax on the assessment of property that is subject to State property tax. The property tax must (1) be levied in the same manner, on the same assessments, for the same period, and as of the same date of finality as the State prescribes; (2) be collected and secured in the same manner as county property taxes and subject to the same penalties and the same procedure, sale, and lien priority as provided for county property taxes; and (3) identify the transit facility or transit service that the tax benefits. A transit benefit district may issue bonds exempt from State and local taxation to finance or refinance all or any part of the cost of a transit facility without the approval of the General Assembly, including the issuance of additional bonds to cover construction costs not covered in the initial bond issuance. A transit benefit district may issue bonds, notes, or other evidence of obligation, payable solely from the rentals, rates, fees, fares, and taxes each transit benefit district is empowered to impose. Bond proceeds may be used solely for paying the cost of transit facilities. A transit benefit district may also issue (1) refunding bonds for specified purposes, including for construction improvements and transit enhancements and (2) bond anticipation notes.

Bonds issued may not (1) constitute a debt of the State or a political subdivision of the State other than a transit benefit district; (2) constitute a pledge of the full faith and credit of a transit benefit district, the State, or a political subdivision of the State; or (3) directly or indirectly obligate the State or a political subdivision of the State to impose any tax. A transit benefit district must issue bonds in a specified manner and must consider specified issues concerning bonds issued.

County Motor Fuel Tax

Effective January 1, 2014, the bill authorizes a county to establish by law a motor fuel tax of up to five cents per gallon. Except in Baltimore City, counties are required to use county motor fuel tax revenues for transportation projects. Baltimore City may use its revenues for public school construction projects, contingent upon the passage of legislation during the 2013 session authorizing the issuance of long-term debt for implementation of a comprehensive school construction plan for the city.

Beginning in calendar 2017, the bill imposes a motor fuel tax in any county that has not imposed a county motor fuel tax at the maximum authorized rate. The rate of tax is equal to the difference between five cents per gallon and the county motor fuel tax rate imposed. Revenue from this tax is distributed to the Gasoline and Motor Vehicle Revenue Account within TTF.

Distributors must complete, under oath, and file with the Comptroller monthly county motor fuel tax returns and may deduct a 0.5% vendor credit. Each person holding motor fuel for sale at the start of business on a day that the tax rate is adjusted must compile and file an inventory and remit within 30 days any county motor fuel tax that is due.

The Comptroller must adopt regulations to implement the county motor fuel tax. Except as otherwise specified in these regulations, exemptions, refunds, and specified procedures and penalties that apply to the State motor fuel tax also apply to the county motor fuel tax.

Sales and Use Tax Equivalent Rate

The bill imposes a sales and use tax equivalent rate on motor fuel based on the retail price of regular, unleaded gasoline, excluding federal and State taxes, as determined by the Comptroller's Office. The tax rate is determined by multiplying 3% times the applicable semiannual average retail price determined by the Comptroller's Office, less State and federal taxes, to the nearest tenth of a cent.

The additional motor fuel tax rate is imposed for a six-month period. By June 15 and December 15 of each year, the Comptroller's Office is required to calculate the average retail price of regular gasoline (excluding federal and State taxes) in the previous six months and determine the additional motor fuel tax rate imposed during the next six months. The bill also imposes a floor tax on any person possessing motor fuel for sale at the start of any day where a tax rate authorized by the bill is adjusted.

Intercounty Connector Report

The Maryland Transportation Authority (MDTA) is required by December 1, 2014, to issue a report on the benefits to the State from issuing a request for proposals for the long-term lease of the Intercounty Connector including (1) the cost to MDTA to satisfy current bondholders; (2) the operating and maintenance costs over the length of any proposed lease; (3) the expected private-sector return on investment; (4) the expected details of any lease agreement, including specified items; and (5) the potential use of additional capacity of the State's transportation program to provide funding for the Corridor Cities Transitway and Rapid Business Project.

Current Law/Background:

MTA operates a comprehensive transit system throughout the Baltimore-Washington metropolitan area, including more than 50 local bus lines in Baltimore and other services such as the light rail, Metro subway, commuter buses, Maryland Area Regional Commuter (MARC) trains, and mobility/paratransit vehicles. MTA is currently the lead agency for coordinating the financing, construction, and future operation of both the Red Line and Purple Line transit projects. To date, MTA has received Federal Transit Administration (FTA) grants for planning and preliminary engineering work associated with both projects. Because financial plans and federal funding agreements have not yet been finalized for the Red Line and Purple Line, MDOT's 2013-2018 *Consolidated Transportation Program* (CTP) does not include funding for either project beyond fiscal 2014.

The Red Line is a proposed 14-mile, east-west light rail line that would run from Baltimore County's Woodlawn employment and commercial centers through downtown Baltimore City to the Johns Hopkins Bayview Medical Center Campus. It would link to the north-south light rail, metro, and MARC trains.

The Purple Line is a proposed 16-mile light rail line extending from Bethesda in Montgomery County to New Carrollton in Prince George's County. It would provide a direct connection to the Metrorail, MARC, Amtrak, and regional and local bus services.

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 cents for aviation gasoline and turbine fuel, and 23.5 cents for clean burning fuel. Motor fuel tax revenues are projected to total $745.5 million in fiscal 2014.

Some states, including Maryland, impose only a motor fuel excise tax, while other states impose both an excise tax and a sales tax or equivalent tax. The total state motor fuel tax rates for gasoline in neighboring jurisdictions are shown in **Exhibit 1**. These rates are in addition to a federal motor fuel tax of 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel fuel. Maryland's motor fuel tax rates are lower than the average rate imposed in other states – Maryland's gasoline tax rate is currently the twenty-eighth highest rate (diesel twenty-seventh highest). Maryland's motor fuel tax rate is not adjusted periodically for inflation. The **Appendix** shows the motor fuel tax rate in each state.

Exhibit 1
Total State Motor Fuel Tax Rates in Neighboring Jurisdictions
(Cents per Gallon)

	Sales Tax	Variable Rate	Gasoline	Diesel
Delaware		-	23.0¢	22.0¢
District of Columbia		-	23.5	23.5
North Carolina		Yes	37.8	37.8
Pennsylvania		Yes	32.3	39.2
Virginia	Yes*	-	19.9	20.2
West Virginia		Yes	34.7	34.7
Maryland		-	**23.5¢**	**24.25¢**
National Average		-	30.4¢	30.0¢

Note: The tax rates for other states may include additional state taxes and fees.
*Virginia imposes a 2.1% sales tax in Northern Virginia for transportation that is collected at the distributor level.
Source: American Petroleum Institute

State Fiscal Effect: Each of the bill's revenue provisions is discussed below.

County Motor Fuel Tax and Sales and Use Tax Equivalent Rate

Effective January 1, 2014, the bill imposes an additional sales and use tax equivalent rate on motor fuel and authorizes counties to impose a five cent per gallon motor fuel tax. Beginning in calendar 2017, the bill will impose a motor fuel tax in any county that does not impose a tax at the maximum rate, in the amount of the difference between the county motor fuel tax rate imposed and five cents.

As a result, TTF revenues increase by $162.1 million in fiscal 2014. **Exhibit 2** illustrates the fiscal effect and the cumulative increase in motor fuel tax rates under the bill.

Exhibit 2
Cumulative Tax Rate Increase and Estimated Revenue Impact
Fiscal 2014-2018
($ in Millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Rate Increase					
State Sales	10.4 ¢	10.7 ¢	11.0 ¢	11.3 ¢	11.5 ¢
County	5.0 ¢	5.0 ¢	5.0 ¢	5.0 ¢	5.0 ¢
Total Increase	**15.4¢**	**15.7 ¢**	**16.0 ¢**	**16.3 ¢**	**16.5 ¢**
Revenues					
State Sales	$162.1	$339.7	$353.7	$365.6	$378.6
County	78.3	157.9	159.6	160.9	163.1
Total Increase	**$240.4**	**$497.6**	**$513.3**	**$526.4**	**$541.7**
State	**$146.5**	**$307.1**	**$319.7**	**$330.5**	**$342.2**
Local	**$93.8**	**$190.6**	**$193.6**	**$195.9**	**$199.5**
Counties					
Sales Tax – LHUR	$14.9	$31.3	$32.5	$33.6	$34.8
County Tax	78.3	157.9	159.6	160.9	163.1
Total	**$93.2**	**$189.2**	**$192.2**	**$194.5**	**$198.0**
Municipalities					
Sales Tax – LHUR	$0.6	$1.4	$1.4	$1.5	$1.5

Source: Department of Legislative Services

This estimate assumes that all counties opt to impose the maximum county tax authorized beginning January 2014. To the extent this does not happen, county revenues will be less and State revenues will increase by a corresponding amount beginning in fiscal 2017.

The Department of Legislative Services (DLS) advises that the retail price of gasoline is volatile and difficult to predict. These estimates do not account for unforeseen supply shocks or disruptions that may increase the price of motor fuel. DLS also advises that the out-year revenue estimates may be significantly different depending on the actual change in fuel prices. The difficulty of accurately estimating fuel prices could make programming for the capital program more difficult because the program relies on cash flow estimates of spending.

Transit Benefit Districts

Estimated federal and TTF funding for the Red Line and Purple Line in MDOT's 2013-2018 CTP is illustrated in **Exhibit 3**. The bill will grant exclusive jurisdiction over transit facilities to transit benefit districts established in the Washington and Baltimore regions. Thus, in fiscal 2014, this estimate assumes TTF special/federal fund expenditures decrease by $82.2 million and federal fund revenues decrease by $30.8 million. This assumes MTA forfeits all federal funding that is currently budgeted in fiscal 2014 for both transit lines. By transferring responsibility to the authorities, up to $51.4 million in TTF revenue currently earmarked for the two projects is potentially available for other priorities.

Exhibit 3
Estimated Funding in the CTP: Red Line and Purple Line
Fiscal 2014-2018
($ in Millions)

	FY 2014	FY 2015*	FY 2016*	FY 2017*	FY 2018*
Red Line					
TTF	$9.8	$0	$0	$0	$0
Federal Funds	30.8	0	0	0	0
Subtotal	**$40.6**	**$0**	**$0**	**$0**	**$0**
Purple Line					
TTF	$41.6	$0	$0	$0	$0
Federal Funds	0	0	0	0	0
Subtotal	**$41.6**	**$0**	**$0**	**$0**	**$0**
Total	**$82.2**	**$0**	**$0**	**$0**	**$0**

CTP: 2013-2018 *Consolidated Transportation Program*
TTF: Transportation Trust Fund
*Funding is contingent upon the approval of federal funds.
Source: 2013-2018 *Consolidated Transportation Program*

MDOT Capital Program

MDOT is authorized to issue revenue bonds, called Consolidated Transportation Bonds (CTBs), for its capital program. These bonds are not backed by the full faith and credit of the State. There are specific limits on the amount of CTBs that can be issued. Currently there is a statutory limit of $2.6 billion for CTBs. Further, MDOT uses two different debt service coverage ratios, the net income test and the pledged taxes test, with the net income test the limiting factor. MDOT has agreed to maintain a 2.0 coverage ratio with bond holders whereby the pledged taxes or net income has to be

2.0 times greater than the maximum debt service. Currently MDOT uses a 2.5 coverage ratio to be conservative. MDOT's debt also counts toward State debt measures. Currently, the State's ability to issue debt is constrained by the debt service as a percentage of revenues measure. In fiscal 2017 and 2018, the State is approaching the current 8.0% limit.

Typically, when MDOT is provided additional revenue, the debt outstanding cap is increased in recognition of MDOT's ability to issue more debt; however, the bill does not provide such an increase. DLS estimates that capital program spending could increase by $1.5 billion over the six-year period assuming the debt outstanding limit remains at $2.6 billion. If the debt outstanding limit is increased, DLS advises the capital program could increase even more.

Intercounty Connector Study

MDOT advises that contractual services and potentially additional staff are needed to complete the required study and estimates the total cost of these services to be at least $500,000. Accordingly, nonbudgeted expenditures increase by an estimated $250,000 in each of fiscal 2014 and 2015.

Local Fiscal Effect: Local revenues will increase as a result of local highway user revenues distributed from the sales and use tax equivalent rate as well as the county motor fuel tax. Exhibit 2 shows the impact of these taxes on local revenues.

The bill gives both transit benefit districts various types of financing authority, limited to within their respective districts. Thus, unless other support is provided, the burden for financing the Red Line and Purple Line is effectively shifted from the entire State to the respective jurisdictions in which the projects are located. It is unclear what impact, if any, this shift may have on local finances in the affected jurisdictions.

Beginning in fiscal 2014, the transit benefit districts may levy property taxes and issue revenue bonds. Thus, the districts' special fund and bond revenues and expenditures increase potentially significantly beginning in fiscal 2014 to hire staff and develop the transit lines. This estimate assumes that each district levies new taxes and issues bonds that generate revenue that is commensurate with their expenditures and that any tax revenue is deposited into dedicated special funds. These revenues and expenditures will not be reflected in the State budget.

Creating two districts with the same level of staff expertise and administrative infrastructure as currently exists at MTA would take a number of years, which could significantly delay development of the Red Line and Purple Line.

Local jurisdictions benefit to the extent TTF revenues currently earmarked for the Red Line and Purple Line are redirected to local jurisdictions for other transportation projects. MTA is currently the designated recipient for federal funds for the Red Line and Purple Line; the proposed districts must submit new project grant applications to FTA. It is unclear clear whether federal grant funding would be provided to the districts. To the extent the districts secure grants, federal revenues increase beginning in fiscal 2015; however, such revenues cannot be reliably estimated.

Small Business Effect: Small businesses for which motor fuel constitutes a significant portion of their costs (transportation firms, delivery companies, taxicabs, etc.) will have increased tax burdens as a result of the bill. The incidence of the tax will be shared by customers (including other businesses) through higher product prices and by owners of the small businesses. Small businesses may potentially benefit to the extent that additional funding improves the State's transportation infrastructure.

To the extent the transit benefit districts levy property taxes, the bill may have a significant impact on small business expenditures in the affected jurisdictions. Small businesses are also potentially impacted to the extent the authorities (1) acquire, hold, dispose, and condemn property; and (2) issue project implementation contracts.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Economy.com, U.S. Energy Information Administration, Maryland Department of Transportation, Maryland Transportation Authority, Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2013
mlm/jrb

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Appendix – Total State Motor Fuel Tax Rates
(Cents per Gallon)

			Regular Gasoline			Diesel			Sales	Variable	Local	
	Rank	**State**	**Excise**	**Other Tax/Fee**	**Total**	**Excise**	**Other Tax/Fee**	**Total**	**Tax**	**Rate**	**Tax**	**Notes**
*	1	New York	8.1	42.6	50.7	8.0	43.0	51.0	x	x	x	State – Sales tax adjusted based upon population. Local – County sales tax.
	2	California	36.0	12.7	48.7	10.0	40.9	50.9	x	x	x	State – 2.25% sales tax for gas and 2-cpg UST fee. Local – At least a 1.25% sales tax on diesel.
	3	Hawaii	17.0	30.1	47.1	17.0	33.3	50.3			x	State – 4.0% sales tax, and 0.1-cpg environmental tax. Local – County taxes.
*	4	Connecticut	25.0	20.0	45.0	56.2	0.0	56.2		x		State – 7% gross receipts earnings tax, collected at the wholesale level and adjusted annually.
	5	Illinois	19.0	20.1	39.1	21.5	23.2	44.7	x		x	State – 6.25% sales tax calculated off retail price less federal and state excise taxes, and 0.3-cpg tax for UST.
	6	Michigan	19.0	19.7	38.7	15.0	23.8	38.8	x			State – 6% sales tax and 0.875-cpg environmental fee.
	7	Indiana	18.0	20.0	38.0	16.0	34.3	50.3	x			State – 7% sales tax; 1-cpg inspection fee; and 11-cpg surcharge for diesel paid quarterly.
*	8	North Carolina	37.5	0.3	37.8	37.5	0.3	37.8		x		State – Flat excise tax plus a variable rate of 7% of average wholesale price during preceding six months.
	9	Washington	37.5	0.0	37.5	37.5	0.0	37.5			x	
	10	Florida	4.0	31.5	35.5	4.0	26.5	30.5		x	x	State – 12 cents sales tax indexed to CPI and other State taxes (e.g. 2.2-cpg environmental taxes). Local – Reflects average local option tax rate.
*	11	West Virginia	20.5	14.2	34.7	20.5	14.2	34.7		x		State – Average wholesale tax floor of $2.34, rate may not change more than 10% annually. 5% rate.
	12	Nevada	23.0	10.1	33.1	27.0	1.6	28.6			x	State – 0.75-cpg environmental

	Rank	State	Regular Gasoline Excise	Regular Gasoline Other Tax/Fee	Regular Gasoline Total	Diesel Excise	Diesel Other Tax/Fee	Diesel Total	Sales Tax	Variable Rate	Local Tax	Notes
												and 0.055-cpg inspection fees. Local – Option taxes.
	13	Rhode Island	32.0	1.0	33.0	32.0	1.0	33.0				State – 1-cpg environmental fee.
	14	Wisconsin	30.9	2.0	32.9	30.9	2.0	32.9				State – 2-cpg UST fee.
*	15	Pennsylvania	12.0	20.3	32.3	12.0	27.2	39.2		x		State – Franchise tax based on average wholesale price during a 1 year period and 1.1-cpg UST fee paid by retailers.
	16	Maine	30.0	1.5	31.5	31.2	1.5	32.7				State – Includes.07-cpg fee for a coastal and inland water fund and other fees.
	17	Oregon	30.0	1.0	31.0	30.0	0.3	30.3			x	Local – Option taxes.
	18	Kentucky	28.5	1.4	29.9	25.5	1.4	26.9		x		State – 10 cents of the excise tax indexed to the average wholesale price not to exceed 10 cents; 1.4-cpg UST fee; and special fuel taxes.
	19	Minnesota	28.5	0.1	28.6	28.5	0.1	28.6				State – Includes an inspection fee and some years a cleanup fee.
	20	Ohio	28.0	0.0	28.0	28.0	0.0	28.0				
	21	Montana	27.0	0.8	27.8	27.8	0.8	28.6				State – 0.75-cpg fee for environmental cleanup.
	22	Vermont	19.0	7.7	26.7	25.0	4.0	29.0		x		State – Includes an infrastructure fee valued at 2% of the average ppg of gas less taxes in the prior quarter and a 1-cpg license fee for UST.
	23	Nebraska	24.6	0.9	25.5	26.2	0.3	26.5		x		State – Release prevention fees of 0.9-cpg for gas and 0.3-cpg for diesel.
	24	Kansas	24.0	1.0	25.0	26.0	1.0	27.0				State – 1-cpg environmental fee.
	24	Idaho	25.0	0.0	25.0	25.0	0.0	25.0				
	26	Utah	24.5	0.0	24.5	24.5	0.0	24.5				
	27	South Dakota	22.0	2.0	24.0	22.0	2.0	24.0				State – 2-cpg tank inspection fee.
*	**28**	**Maryland**	**23.5**	**0.0**	**23.5**	**24.3**	**0.0**	**24.3**				
	28	Massachusetts	21.0	2.5	23.5	21.0	2.5	23.5				State – 2.5-cpg UST fund tax.
*	28	District of Columbia	23.5	0.0	23.5	23.5	0.0	23.5				
*	31	Delaware	23.0	0.0	23.0	22.0	0.0	22.0				State – 0.9% gross receipts tax assessed for harzardous substance clean-up fund.
	31	North Dakota	23.0	0.0	23.0	23.0	0.0	23.0				
	33	Colorado	22.0	0.0	22.0	20.5	0.0	20.5				
	33	Iowa	21.0	1.0	22.0	22.5	1.0	23.5		x		State – Based upon percentage of ethanol sales compared to total

	Rank	State	Regular Gasoline Excise	Regular Gasoline Other Tax/Fee	Regular Gasoline Total	Diesel Excise	Diesel Other Tax/Fee	Diesel Total	Sales Tax	Variable Rate	Local Tax	Notes
												motor fuel tax sold. 1-cpg UST fee.
	35	Arkansas	21.5	0.3	21.8	22.5	0.3	22.8				State – 0.3-cpg fee at the wholesale level for UST fund.
	36	Tennessee	20.0	1.4	21.4	18.0	0.4	18.4				State – 1 cent special petroleum tax for gas and 0.4-cpg environmental fee.
	37	Alabama	16.0	4.9	20.9	19.0	2.9	21.9			x	State – 1-cpg fee at the wholesale level for UST. Local – Other taxes averaging 2-cpg.
*	38	Virginia	17.5	2.4	19.9	17.5	2.7	20.2	x		x	State – 0.6-cpg storage tank fee. Local – 2.1% sales tax on motor fuels in Northern Virginia.
	39	Louisiana	20.0	0.0	20.0	20.0	0.0	20.0				
	39	Texas	20.0	0.0	20.0	20.0	0.0	20.0				
	41	New Hampshire	18.0	1.6	19.6	18.0	1.6	19.6				State – Includes 0.125-cpg fee for oil pollution control fund and 1.5-cpg fee for UST cleanup fund.
	42	Arizona	18.0	1.0	19.0	18.0	1.0	19.0				State – 1-cpg UST tax.
	43	New Mexico	17.0	1.9	18.9	21.0	1.8	22.8			x	State – 1-cpg loading fee.
	44	Mississippi	18.0	0.8	18.8	18.0	0.8	18.8			x	State – 0.4-cpg environmental fee. Local – Three counties have a 3-cpg “seawall tax.”
	45	Missouri	17.0	0.3	17.3	17.0	0.3	17.3				State – Includes agricultural inspection and transport load fees.
	46	Oklahoma	16.0	1.0	17.0	13.0	1.0	14.0				State – 1-cpg UST fee.
	47	South Carolina	16.0	0.8	16.8	16.0	0.8	16.8				State – 0.25-cpg inspection fee and 0.50-cpg UST fee.
*	48	New Jersey	10.5	4.0	14.5	13.5	4.0	17.5				State – 4-cpg petroleum products gross receipts tax.
	49	Wyoming	13.0	1.0	14.0	13.0	1.0	14.0				State – 1-cpg UST fee.
	50	Alaska	8.0	0.0	8.0	8.0	0.0	8.0				
		US Average	**21.0**	**9.4**	**30.4**	**19.0**	**11.0**	**30.0**				

* = MidAtlantic Region
UST = Underground Storage Tank
cpg = cents per gallon
Note: These taxes and fees are in addition to a federal motor fuel tax rate of 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel fuel.
Source: American Petroleum Institute (January 1, 2013), Department of Legislative Services