

SENATE BILL 782

Q5

4lr1203

By: **Senator Hershey**

Introduced and read first time: February 1, 2024

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Fuel Tax Rates – Consumer Price Index Adjustment – Suspension by**
3 **Board of Public Works**

4 FOR the purpose of authorizing the Board of Public Works to temporarily suspend an
5 increase in certain motor fuel tax rates based on the Consumer Price Index under
6 certain circumstances; and generally relating to motor fuel tax rates.

7 BY repealing and reenacting, with amendments,
8 Article – Tax – General
9 Section 9–305
10 Annotated Code of Maryland
11 (2022 Replacement Volume and 2023 Supplement)

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

14 **Article – Tax – General**

15 9–305.

16 (a) Except as provided in subsection (b) of this section, the motor fuel tax rate is:

17 (1) 7 cents for each gallon of aviation gasoline;

18 (2) 23.5 cents for each gallon of gasoline other than aviation gasoline;

19 (3) 24.25 cents for each gallon of special fuel other than clean–burning fuel
20 or turbine fuel;

21 (4) 7 cents for each gallon of turbine fuel; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (5) 23.5 cents for each gasoline–equivalent gallon of clean–burning fuel
2 except electricity.

3 (b) (1) **[The] SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, THE**
4 motor fuel tax rates specified in subsection (a)(2), (3), and (5) of this section shall be
5 increased on July 1, 2013, and July 1 of each subsequent year in accordance with this
6 subsection.

7 (2) On or before June 1 of each year, the Comptroller shall determine and
8 announce:

9 (i) the growth in the Consumer Price Index for all urban consumers
10 as determined by the Comptroller under paragraph (3) of this subsection; and

11 (ii) the motor fuel tax rates effective for the fiscal year beginning on
12 the following July 1 as determined by the Comptroller under paragraph (4) of this
13 subsection.

14 (3) (i) In this paragraph, “Consumer Price Index for all urban
15 consumers” means the index published monthly by the Bureau of Labor Statistics of the
16 U.S. Department of Labor that is the U.S. city average of all items in a basket of consumer
17 goods and services.

18 (ii) The percentage growth in the Consumer Price Index for all urban
19 consumers shall be determined by comparing the average of the index for the 12 months
20 ending on the preceding April 30 to the average of the index for the prior 12 months.

21 (4) Subject to paragraph (5) of this subsection, on July 1 of each year, each
22 motor fuel tax rate specified in subsection (a)(2), (3), and (5) of this section shall be
23 increased by the amount, rounded to the nearest one–tenth of a cent, that equals the
24 product of multiplying:

25 (i) the motor fuel tax rate in effect on the date of the Comptroller’s
26 announcement under paragraph (2) of this subsection; and

27 (ii) the percentage growth in the Consumer Price Index for all urban
28 consumers.

29 (5) (i) If there is a decline or no growth in the Consumer Price Index for
30 all urban consumers, the motor fuel tax rates shall remain unchanged.

31 (ii) Any increase in the motor fuel tax rates under paragraph (4) of
32 this subsection may not be greater than 8% of the motor fuel tax rate effective in the
33 previous year.

34 **(III) THE BOARD OF PUBLIC WORKS MAY TEMPORARILY**
35 **SUSPEND AN INCREASE IN THE MOTOR FUEL TAX RATES REQUIRED UNDER THIS**

1 **SUBSECTION DUE TO:**

- 2 **1. ADVERSE ECONOMIC CONDITIONS;**
3 **2. A PUBLIC EMERGENCY; OR**
4 **3. OTHER EXTRAORDINARY CIRCUMSTANCES.**

5 (6) The Comptroller shall require any person possessing tax-paid motor
6 fuel for sale at the start of business on the date of an increase in the motor fuel tax under
7 this subsection to compile and file an inventory of the motor fuel held at the close of
8 business on the immediately preceding date and remit within 30 days any additional motor
9 fuel tax that is due on the motor fuel.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
11 1, 2024.