

# HOUSE BILL 1003

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By: **Delegate Kramer**

Introduced and read first time: February 13, 2015

Assigned to: Environment and Transportation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Motor Fuel Tax – Distribution of Revenue**

3 FOR the purpose of altering the distribution of motor fuel tax revenue; requiring that motor  
4 fuel tax revenue attributable to certain motor fuel tax rates be distributed to  
5 counties, municipalities, and Baltimore City in a certain manner; requiring that  
6 motor fuel tax revenue distributed to counties, municipalities, and Baltimore City be  
7 paid at certain times and used in a certain manner; requiring that certain motor fuel  
8 tax revenue be distributed to the Transportation Trust Fund; repealing a provision  
9 of law requiring that certain motor fuel tax revenue be credited to the Gasoline and  
10 Motor Vehicle Revenue Account in the Transportation Trust Fund; defining certain  
11 terms; repealing obsolete language; providing for a delayed effective date; and  
12 generally relating to the distribution of motor fuel tax revenue.

13 BY repealing and reenacting, with amendments,  
14 Article – Tax – General  
15 Section 2–1103 and 2–1104  
16 Annotated Code of Maryland  
17 (2010 Replacement Volume and 2014 Supplement)

18 BY adding to  
19 Article – Tax – General  
20 Section 2–1105  
21 Annotated Code of Maryland  
22 (2010 Replacement Volume and 2014 Supplement)

23 BY repealing and reenacting, with amendments,  
24 Article – Transportation  
25 Section 8–402 and 8–403  
26 Annotated Code of Maryland  
27 (2008 Replacement Volume and 2014 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, without amendments,  
2 Article – Transportation  
3 Section 8–404, 8–405, 8–407(b), 8–408, and 8–409(a) and (b)  
4 Annotated Code of Maryland  
5 (2008 Replacement Volume and 2014 Supplement)

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

8 **Article – Tax – General**

9 2–1103.

10 After making the distributions required under §§ 2–1101 and 2–1102 of this subtitle,  
11 the Comptroller shall distribute:

12 (1) the remaining motor fuel tax revenue from aviation fuel to the  
13 Transportation Trust Fund;

14 (2) all remaining motor fuel tax revenue, equal to the average percentage  
15 by which the motor fuel tax rate exceeds 18.5 cents per gallon, not including revenue  
16 attributable to an increase in the motor fuel tax rates under § 9–305(b) of this article or  
17 revenue attributable to the sales and use tax equivalent rate imposed under § 9–306 of this  
18 article, to the [Gasoline and Motor Vehicle Revenue Account in the] Transportation Trust  
19 Fund; **AND**

20 (3) revenue attributable to an increase in the motor fuel tax rates imposed  
21 under § 9–305(b) of this article [to the Transportation Trust Fund; and

22 (4) revenue attributable to the sales and use tax equivalent rate imposed  
23 under § 9–306 of this article to the Transportation Trust Fund] **AND REVENUE**  
24 **ATTRIBUTABLE TO THE SALES AND USE TAX EQUIVALENT RATE IMPOSED UNDER §**  
25 **9–306 OF THIS ARTICLE, AS PROVIDED IN § 2–1105 OF THIS SUBTITLE.**

26 2–1104.

27 (a) Except as otherwise provided in this section, after making the distributions  
28 required under §§ 2–1101 through 2–1103 of this subtitle, from the remaining motor fuel  
29 tax revenue, the Comptroller shall distribute:

30 (1) 2.3% to the Chesapeake Bay 2010 Trust Fund;

31 (2) 0.5% to the Waterway Improvement Fund; and

32 (3) any remaining balance to the [Gasoline and Motor Vehicle Revenue  
33 Account of the] Transportation Trust Fund.

1 (b) For each fiscal year beginning on or before July 1, 2015, instead of the  
2 distribution required under subsection (a)(1) of this section, the Comptroller shall  
3 distribute 2.3% of the remaining motor fuel tax revenue as follows:

4 (1) to the General Fund of the State:

5 (i) \$5,000,000 for each fiscal year beginning on or before July 1,  
6 2011;

7 (ii) \$5,000,000 for each of the fiscal years beginning July 1, 2012,  
8 July 1, 2013, and July 1, 2014; and

9 (iii) \$4,624,687 for the fiscal year beginning July 1, 2015;

10 (2) \$8,000,000 to the Budget Restoration Fund for the fiscal year beginning  
11 July 1, 2012; and

12 (3) the balance to the Chesapeake Bay 2010 Trust Fund.

13 **2-1105.**

14 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
15 INDICATED.

16 (2) "COUNTY" DOES NOT INCLUDE BALTIMORE CITY.

17 (3) (I) "ELIGIBLE MUNICIPALITY" MEANS A MUNICIPAL  
18 CORPORATION AUTHORIZED BY LAW TO CONSTRUCT OR MAINTAIN STREETS OR  
19 ROADS.

20 (II) "ELIGIBLE MUNICIPALITY" DOES NOT INCLUDE  
21 BALTIMORE CITY.

22 (B) FROM THE REVENUE ATTRIBUTABLE TO AN INCREASE IN THE MOTOR  
23 FUEL TAX RATES IMPOSED UNDER § 9-305(B) OF THIS ARTICLE AND REVENUE  
24 ATTRIBUTABLE TO THE SALES AND USE TAX EQUIVALENT RATE IMPOSED UNDER §  
25 9-306 OF THIS ARTICLE, THE COMPTROLLER SHALL DISTRIBUTE:

26 (1) 40% TO BALTIMORE CITY;

27 (2) 51% TO THE COUNTIES, IN ACCORDANCE WITH § 8-404 OF THE  
28 TRANSPORTATION ARTICLE; AND

1 (3) 9% TO ELIGIBLE MUNICIPALITIES, IN ACCORDANCE WITH § 8-405  
2 OF THE TRANSPORTATION ARTICLE.

3 (C) REVENUE DISTRIBUTED UNDER THIS SECTION SHALL BE:

4 (1) PAID AT THE TIMES SPECIFIED IN § 8-407(B) OF THE  
5 TRANSPORTATION ARTICLE; AND

6 (2) USED AS PROVIDED IN §§ 8-408 AND 8-409 OF THE  
7 TRANSPORTATION ARTICLE.

8 Article – Transportation

9 8-402.

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

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

14 (1) [All of the motor vehicle fuel tax;

15 (2)] Except as otherwise provided by law, two-thirds of the vehicle titling  
16 tax;

17 [(3)] (2) Except for revenues collected under Parts III and IV of Title 13,  
18 Subtitle 9 of this article, vehicle registration fees;

19 [(4)] (3) The revenue disbursed to this Account under § 2-614 of the Tax  
20 – General Article; and

21 [(5)] (4) 80 percent of the funds distributed on short-term vehicle rentals  
22 under § 2-1302.1 of the Tax – General Article to the Transportation Trust Fund from the  
23 sales and use tax.

24 (c) [(1) Except as provided in paragraph (2) of this subsection, for] FOR each  
25 fiscal year:

26 [(i)] (1) 90.4% of the revenue credited to the Account may be used  
27 as provided in § 3-216 of this article; and

28 [(ii)] (2) The balance of the Account shall be used to pay the  
29 allocations of highway user revenues provided by this subtitle to the counties,  
30 municipalities, and Baltimore City.

1            [(2) For fiscal years 2010 through 2013, the Account shall be distributed as  
2 follows:

3            (i) A portion to the General Fund of the State for fiscal years 2010  
4 through 2012 as follows:

- 5            1. 19.5% for fiscal year 2010;
- 6            2. 23% for fiscal year 2011; and
- 7            3. 11.3% for fiscal year 2012;

8            (ii) A portion to be used as provided in § 3–216 of this article, as  
9 follows:

- 10           1. 70% for fiscal year 2010;
- 11           2. 68.5% for fiscal year 2011;
- 12           3. Subject to paragraph (3) of this subsection, 79.8% for fiscal  
13 year 2012; and
- 14           4. 90% for fiscal year 2013; and

15           (iii) The balance to be used to pay the allocations of highway user  
16 revenues provided under this subtitle to the counties, municipalities, and Baltimore City.

17           (3) For fiscal year 2012, from the amount allocated to the Transportation  
18 Trust Fund under paragraph (2)(ii)3 of this subsection, \$40,000,000 shall be transferred  
19 from the Transportation Trust Fund to the Revenue Stabilization Account established  
20 under § 7–311 of the State Finance and Procurement Article.]

21 8–403.

22           [(a) Subject to §§ 3–307 and 3–308 of this article, [and except as provided in  
23 subsection (b) of this section,] for each fiscal year, from the total highway user revenues:

24           (1) An amount equal to 7.7% of total highway user revenues shall be  
25 distributed to Baltimore City in monthly installments;

26           (2) An amount shall be distributed to the counties at the times specified in  
27 § 8–407 of this subtitle, to be allocated as provided in § 8–404 of this subtitle, equal to 1.5%  
28 of total highway user revenues; and

1           (3) An amount shall be distributed to the municipalities at the times  
2 specified in § 8–407 of this subtitle, to be allocated as provided in § 8–405 of this subtitle,  
3 equal to 0.4% of total highway user revenues.

4           **[(b) (1) For fiscal year 2010:**

5                   (i) The amount distributed to Baltimore City under this subtitle  
6 shall equal 8.6% of total highway user revenues;

7                   (ii) The amount distributed to the counties under this subtitle shall  
8 equal 1.5% of total highway user revenues; and

9                   (iii) The amount distributed to the municipalities under this subtitle  
10 shall equal 0.4% of total highway user revenues.

11           **(2) For fiscal year 2011:**

12                   (i) The amount distributed to Baltimore City under this subtitle  
13 shall equal 7.9% of total highway user revenues;

14                   (ii) The amount distributed to the counties under this subtitle shall  
15 equal 0.5% of total highway user revenues; and

16                   (iii) The amount distributed to the municipalities under this subtitle  
17 shall equal 0.1% of total highway user revenues.

18           **(3) For fiscal year 2012:**

19                   (i) The amount distributed to Baltimore City under this subtitle  
20 shall equal 7.5% of total highway user revenues;

21                   (ii) The amount distributed to the counties under this subtitle shall  
22 equal 0.8% of total highway user revenues; and

23                   (iii) The amount distributed to the municipalities under this subtitle  
24 shall equal 0.6% of total highway user revenues.

25           **(4) For fiscal year 2013:**

26                   (i) The amount distributed to Baltimore City under this subtitle  
27 shall equal 8.1% of total highway user revenues;

28                   (ii) The amount distributed to the counties under this subtitle shall  
29 equal 1.5% of total highway user revenues; and

30                   (iii) The amount distributed to the municipalities under this subtitle  
31 shall equal 0.4% of total highway user revenues.]

1 8–404.

2 (a) Highway user revenues shall be allocated to the counties:

3 (1) One half on a county road mileage basis, as provided in subsection (b)(1)  
4 of this section; and

5 (2) One half on a motor vehicle registration basis, as provided in subsection  
6 (b)(2) of this section.

7 (b) The Administration shall allocate for the account of each county, out of the  
8 highway user revenues to be distributed to the counties under § 8–403 of this subtitle, the  
9 county’s share, to be determined by adding:

10 (1) The amount that results from applying to one half of these highway  
11 user revenues the ratio that, as of December 1 of the preceding calendar year, the total  
12 mileage of county roads in the county, not including the total mileage of county roads in  
13 eligible municipalities in the county, bears to the total mileage of county roads in all of the  
14 counties, not including the total mileage of county roads in eligible municipalities in the  
15 State; and

16 (2) The amount that results from applying to one half of these highway  
17 user revenues the ratio that, as of December 1 of the preceding calendar year, the total  
18 number of motor vehicles registered to owners having addresses in the county, not  
19 including motor vehicles registered to owners having addresses in eligible municipalities  
20 in the county, bears to the total number of motor vehicles registered to owners in all the  
21 counties, not including motor vehicles registered to owners having addresses in eligible  
22 municipalities in the State.

23 8–405.

24 (a) An eligible municipality may request its share of the highway user revenues  
25 provided under this subtitle from the Administration. The request shall be made in writing  
26 at least 6 months before the start of the fiscal year in which the funds are desired.

27 (b) Highway user revenues shall be allocated to the eligible municipalities:

28 (1) One half on a municipal road mileage basis, as provided in subsection  
29 (c)(1) of this section; and

30 (2) One half on a motor vehicle registration basis, as provided in subsection  
31 (c)(2) of this section.

32 (c) The Administration shall allocate for the account of each eligible municipality,  
33 out of the highway user revenues to be distributed to the municipalities under § 8–403 of  
34 this subtitle the eligible municipality’s share, to be determined by adding:

1 (1) The amount that results from applying to one half of the available  
2 revenues the ratio that, as of December 1 of the preceding calendar year, the total mileage  
3 of county roads in the eligible municipality bears to the total mileage of county roads located  
4 in eligible municipalities in the State; and

5 (2) The amount that results from applying to one half of the available  
6 revenues the ratio that, as of December 1 of the preceding calendar year, the total number  
7 of motor vehicles registered to owners having addresses in the eligible municipality bears  
8 to the total number of motor vehicles registered to owners having addresses in eligible  
9 municipalities in the State.

10 (d) For purposes of the mileage formula distributions under this section, each  
11 special improvement district in Prince George's County in existence in January, 1953, shall  
12 be treated as a municipality, but the amounts distributed shall be:

13 (1) Paid to the county and retained by it as credits to the district; and

14 (2) Applied to the cost of maintaining the streets and roads in the district  
15 so long as the district has any indebtedness.

16 8-407.

17 (b) Payments of a county's or municipality's share of highway user revenues shall  
18 be made:

19 (1) At monthly intervals; or

20 (2) At other appropriate times reasonably requested.

21 8-408.

22 (a) Highway user revenues distributed to Baltimore City and Kent County may  
23 be used only to pay or finance:

24 (1) Costs incurred in the construction, reconstruction, or maintenance of  
25 its highways and streets;

26 (2) Costs incurred by its police department for carrying out traffic functions  
27 and enforcing the traffic laws;

28 (3) Costs incurred in its other highway related activities for:

29 (i) Lighting the highways;

30 (ii) Stormwater drainage of the highways; and



1 (iii) Street cleaning, but not including the cost of collection of  
2 garbage, trash, and refuse;

3 (4) The payment of its debt service on bonds or other evidences of obligation  
4 for:

5 (i) The construction, reconstruction, or maintenance of its highways  
6 and streets; and

7 (ii) Any other of its highway activities, including lighting the  
8 highways and providing stormwater drainage;

9 (5) The cost of transportation facilities, as defined in § 3–101 of this article;  
10 or

11 (6) As to Kent County:

12 (i) The cost of maintaining county owned boat landings; and

13 (ii) Costs incurred in providing traffic crossing guards.

14 (b) The net share of highway user revenues distributed for a county other than  
15 Kent County may be used only:

16 (1) First, to pay debt service on outstanding bonds or other evidences of  
17 obligation issued before June 1, 1947, by or for the county or any municipality in the county  
18 to finance construction, reconstruction, or maintenance of roads or streets, to the extent  
19 that gasoline tax revenues have been lawfully dedicated, pledged, or otherwise committed  
20 to that debt service, so that the dedication, pledge, or commitment remains unimpaired and  
21 continues as a charge against the county's share of the gasoline tax to the same extent that  
22 it was a charge against any gasoline tax revenues under prior laws; and

23 (2) Then, as to the remainder of the county's share, to pay or finance:

24 (i) The cost of transportation facilities, as defined in § 3–101 of this  
25 article;

26 (ii) For Talbot County, maintenance of private roads as authorized  
27 in § 12–539 of the Local Government Article;

28 (iii) The construction, reconstruction, or maintenance of county  
29 roads; and

30 (iv) Debt service on bonds or other evidences of obligation that, for  
31 the construction, reconstruction, or maintenance of county roads, are lawfully issued on or  
32 after June 1, 1947, by or for the county or by or for a municipality in the county that is not  
33 receiving its own share under § 8–407 of this subtitle.

1 (c) The net share of highway user revenues distributed for a municipality may be  
2 used only to pay or finance:

3 (1) The cost of transportation facilities, as defined in § 3–101 of this article;

4 (2) The construction, reconstruction, or maintenance of roads or streets;  
5 and

6 (3) Debt service on bonds or other evidences of obligation lawfully issued  
7 by or for the municipality for the construction, reconstruction, or maintenance of roads or  
8 streets.

9 8–409.

10 (a) It is the policy of this State that bicycle trails are important and their  
11 construction is encouraged wherever feasible.

12 (b) To establish and maintain footpaths, bridle paths or horse trails, and bicycle  
13 trails:

14 (1) Baltimore City, any county, or any municipality that receives highway  
15 user revenues may spend a reasonable part of its net share for these purposes; and

16 (2) The Administration, Baltimore City, any county, or any municipality  
17 that receives highway user revenues may credit a part of them to a financial reserve or a  
18 special fund to be used within 10 years for these purposes.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
20 1, 2016.