

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
Third Reader

Senate Bill 941

(Senator Hayes)

Budget and Taxation

Ways and Means

---

Motor Fuel Tax - Claims for Refund

---

This bill increases from one to three years the time period after the date of purchase a person may file a claim for refund of the motor fuel tax. **The bill takes effect July 1, 2020, and applies to any purchase of motor fuel made on or after July 1, 2017.**

---

Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) revenues may decrease in FY 2021 due to additional motor fuel tax refunds. TTF expenditures may decrease in FY 2021 due to a decrease in local highway user revenue grants.

**Local Effect:** Local highway user revenues distributed from the motor fuel tax may decrease in FY 2021. Local expenditures are not affected.

**Small Business Effect:** Minimal.

---

Analysis

**Current Law:** A person filing a refund for motor fuel taxes must generally file the claim within one year from the date of the motor fuel purchase. If a person files an annual claim for the 12-month period ending June 30, a claim must be filed by October 1 of that year. If not filing for a full year, the time limit is 3 months following the end of the period for which the claim is filed.

As of July 1, 2019, the per gallon motor fuel tax rate is equal to 36.7 cents (gasoline and clean-burning fuel), 37.45 cents (special fuel/diesel), and 7.0 cents (aviation and turbine fuel).

**State Revenues:** The bill increases from one to three years the time period after the date of purchase a person may file a claim for refund of the motor fuel tax. Except as discussed below, allowing a person additional time to file a refund may impact the timing of revenue losses, but it is not expected to materially impact TTF revenues.

Although the bill is effective July 1, 2020, the bill's provisions apply to any purchase of motor fuel made on or after July 1, 2017. To the extent the bill allows a person to file a motor fuel tax refund for a purchase made in a prior year, TTF revenues will decrease in fiscal 2021.

The Comptroller's Office advises that it is unable to provide an estimate of the additional motor fuel tax refunds that will result under the bill.

**State Expenditures:** A portion of TTF revenues are used to provide capital transportation grants to local governments. A decrease in TTF revenues from motor fuel tax revenues will result in a decrease in TTF expenditures in the form of grants to local governments.

---

### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Comptroller's Office; Department of Legislative Services

**Fiscal Note History:** First Reader - February 17, 2020  
an/hlb Third Reader - March 4, 2020

---

Analysis by: Robert J. Rehrmann

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