

# SENATE BILL 589

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CF HB 483

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By: **The President (By Request – Administration) and Senators Bates, Brochin, Cassilly, Eckardt, Edwards, Hershey, Hough, Jennings, Klausmeier, Muse, Norman, Ready, Reilly, Salling, Simonaire, and Waugh**

Introduced and read first time: February 6, 2015

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Motorist Tax Relief – Motor Fuel Tax – Consumer Price Index and Sales and Use**  
3 **Tax Equivalent Rate Adjustments – Repeal**

4 FOR the purpose of repealing a requirement that certain motor fuel tax rates be adjusted  
5 in future years based on growth in Consumer Price Index for all urban consumers;  
6 repealing a requirement that a certain sales and use tax equivalent rate be  
7 determined in a certain manner on certain dates and added to the motor fuel tax  
8 rates; making conforming and technical changes; and generally relating to the motor  
9 fuel tax.

10 BY repealing and reenacting, with amendments,  
11 Article – Tax – General  
12 Section 9–305 and 9–306  
13 Annotated Code of Maryland  
14 (2010 Replacement Volume and 2014 Supplement)

15 BY repealing  
16 Chapter 429 of the Acts of the General Assembly of 2013  
17 Section 8

18 BY repealing and reenacting, with amendments  
19 Chapter 429 of the Acts of the General Assembly of 2013  
20 Section 11 and 12

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

23 **Article – Tax – General**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 9–305.

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

3 (1) 7 cents for each gallon of aviation gasoline;

4 (2) 23.5 cents for each gallon of gasoline other than aviation gasoline;

5 (3) 24.25 cents for each gallon of special fuel other than clean–burning fuel  
6 or turbine fuel;

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

8 (5) 23.5 cents for each gasoline–equivalent gallon of clean–burning fuel  
9 except electricity.

10 (b) (1) The motor fuel tax rates specified in subsection (a)(2), (3), and (5) of this  
11 section shall be increased on July 1, 2013, and July 1 [of each subsequent year], **2014**, in  
12 accordance with this subsection.

13 (2) On or before June 1 [of each year], **2013, AND JUNE 1, 2014**, the  
14 Comptroller shall determine and announce:

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

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

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

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

27 (4) Subject to paragraph (5) of this subsection, on July 1 [of each year],  
28 **2013, AND JULY 1, 2014**, each motor fuel tax rate specified in subsection (a)(2), (3), and  
29 (5) of this section shall be increased by the amount, rounded to the nearest one–tenth of a  
30 cent, that equals the product of multiplying:

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

1 (ii) the percentage growth in the Consumer Price Index for all urban  
2 consumers.

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

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

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

13 9-306.

14 (a) (1) In this section the following words have the meanings indicated.

15 (2) "Average annual retail price" means the 12-month average retail price  
16 per gallon of motor fuel purchased in the State determined in accordance with subsection  
17 (d) of this section.

18 (3) "Sales and use tax equivalent rate" means the per gallon tax rate  
19 calculated based on a percentage of the average annual retail price of motor fuel in  
20 accordance with subsection (e) of this section.

21 (b) On or before June 1, 2013, AND December 1, 2014, [June 1, 2015, and June 1  
22 of each subsequent year,] the Comptroller shall determine and announce:

23 (1) the average annual retail price of motor fuel; and

24 (2) the sales and use tax equivalent rate effective on the first day of the  
25 following month.

26 (c) (1) The sales and use tax equivalent rate shall be added to the motor fuel  
27 tax rates specified in § 9-305(a)(2), (3), and (5) of this subtitle and collected in the same  
28 manner as the motor fuel tax.

29 (2) Except as otherwise expressly provided by law, all references to the  
30 motor fuel tax in State law and regulations apply to the sales and use tax equivalent rate  
31 imposed under this section.

32 (d) The Comptroller shall determine the average annual retail price of motor fuel:

1 (1) using data compiled by the Oil Price Information Service or another  
2 generally recognized and reliable source of information; and

3 (2) based on prices for regular unleaded motor fuel, excluding federal and  
4 State taxes, reported during the 12 months ending on the last day of the second  
5 immediately preceding month.

6 (e) The Comptroller shall determine the sales and use tax equivalent rate by:

7 (1) multiplying the average annual retail price by the percentage rate  
8 specified in subsection (f) of this section; and

9 (2) rounding the product to the nearest tenth of a cent.

10 (f) The percentage rate used to calculate the sales and use tax equivalent rate  
11 shall be:

12 (1) 1% for the determination made on June 1, 2013; AND

13 (2) 2% for the determination made on December 1, 2014]; and

14 (3) 3% for the determination made on June 1, 2015, and June 1 of each  
15 subsequent year].

16 (g) The Comptroller shall require any person possessing tax-paid motor fuel for  
17 sale at the start of business on the date of an increase in the sales and use tax equivalent  
18 rate under this section to compile and file an inventory of the motor fuel held at the close  
19 of business on the immediately preceding date and remit within 30 days any additional tax  
20 that is due on the motor fuel under this section.

#### 21 Chapter 429 of the Acts of 2013

22 [SECTION 8. AND BE IT FURTHER ENACTED, That sales and use tax revenue  
23 distributed to the Transportation Trust Fund under Section 4 of this Act may not be pledged  
24 to the payment of the principal of and interest on consolidated transportation bonds as they  
25 become due and payable.]

26 SECTION 11. AND BE IT FURTHER ENACTED, That[:

27 (a) Section 4 of this Act shall take effect on the taking effect, on or after June 1,  
28 2013, but before December 1, 2015, of regulations adopted by the Comptroller that require  
29 out-of-state sellers to collect the State sales and use tax on sales by out-of-state sellers to  
30 buyers in the State as authorized under a federal law that takes effect before December 1,  
31 2015.

1 (b) If Section 4 of this Act does not take effect in accordance with subsection (a) of  
2 this section,] Section 4 of this Act, with no further action required by the General Assembly,  
3 shall be abrogated and of no further force and effect on [December] **JUNE 1, 2015.**

4 SECTION 12. AND BE IT FURTHER ENACTED, That[:

5 (a) Section 5 of this Act shall take effect December 1, 2015, if Section 4 of this Act  
6 does not take effect before that date in accordance with Section 11 of this Act.

7 (b) If Section 4 of this Act takes effect, Section 5 of this Act, with no further action  
8 required by the General Assembly, shall be abrogated and of no further force and effect on  
9 the date that Section 4 of this Act becomes effective.

10 (c) If] Section 5 of this Act [takes effect on December 1, 2015, in accordance with  
11 subsection (a) of this section, Section 2 of this Act], **WITH NO FURTHER ACTION**  
12 **REQUIRED BY THE GENERAL ASSEMBLY,** shall be abrogated and of no further force and  
13 effect on [December] **JUNE 1, 2015.**

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
15 1, 2015.