

# HOUSE BILL 846

Q4, R2

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By: **Delegates R. Lewis, Amprey, Edelson, Fair, Holmes, Lehman, Ruth, Shetty, Smith, Wells, and Young**

Introduced and read first time: January 30, 2025

Assigned to: Ways and Means and Environment and Transportation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Transportation Access and Revenue Act**

3 FOR the purpose of altering the definitions of “taxable price” and “taxable service” for the  
4 purposes of certain provisions of law governing the sales and use tax to impose the  
5 tax on certain transportation–related services; requiring the Comptroller to  
6 distribute revenue attributable to the sales and use tax on certain  
7 transportation–related services to the Transportation Trust Fund; providing that  
8 revenue attributable to the sales and use tax on certain transportation–related  
9 services may not be credited to the Gasoline and Motor Vehicle Revenue Account in  
10 the Transportation Trust Fund; and generally relating to the sales and use tax on  
11 transportation–related services.

12 BY repealing and reenacting, with amendments,  
13 Article – Tax – General  
14 Section 2–1302.1 and 11–101(c–12), (l)(3), and (m)(12) and (13)  
15 Annotated Code of Maryland  
16 (2022 Replacement Volume and 2024 Supplement)

17 BY repealing and reenacting, without amendments,  
18 Article – Tax – General  
19 Section 11–101(a) and (l)(1)  
20 Annotated Code of Maryland  
21 (2022 Replacement Volume and 2024 Supplement)

22 BY adding to  
23 Article – Tax – General  
24 Section 11–101(c–12) and (m)(14)  
25 Annotated Code of Maryland  
26 (2022 Replacement Volume and 2024 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 3–215(a) and (b)  
4 Annotated Code of Maryland  
5 (2020 Replacement Volume and 2024 Supplement)

6 BY repealing and reenacting, with amendments,  
7 Article – Transportation  
8 Section 8–402  
9 Annotated Code of Maryland  
10 (2020 Replacement Volume and 2024 Supplement)

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

13 **Article – Tax – General**

14 2–1302.1.

15 After making the distributions required under §§ 2–1301 and 2–1302 of this subtitle:

16 (1) of the sales and use tax collected under § 11–104(c) and (c–1) of this  
17 article on short–term vehicle rentals and peer–to–peer car sharing, the Comptroller shall  
18 distribute:

19 (i) 45% to the Transportation Trust Fund established under § 3–216  
20 of the Transportation Article; and

21 (ii) the remainder to the Chesapeake and Atlantic Coastal Bays 2010  
22 Trust Fund; [and]

23 (2) the Comptroller shall distribute to the Transportation Trust Fund  
24 established under § 3–216 of the Transportation Article the sales and use tax collected that  
25 is attributable to the sale of electricity:

26 (i) at an electric vehicle charging station; or

27 (ii) used to charge an electric vehicle and is not sold under a  
28 residential or domestic rate schedule on file with the Public Service Commission; AND

29 **(3) THE COMPTROLLER SHALL DISTRIBUTE TO THE**  
30 **TRANSPORTATION TRUST FUND ESTABLISHED UNDER § 3–216 OF THE**  
31 **TRANSPORTATION ARTICLE THE SALES AND USE TAX COLLECTED THAT IS**  
32 **ATTRIBUTABLE TO TRANSPORTATION–RELATED SERVICES UNDER § 11–101(M)(14)**  
33 **OF THIS ARTICLE.**

1 11-101.

2 (a) In this title the following words have the meanings indicated.

3 **(C-12) "NAICS" MEANS THE NORTH AMERICAN INDUSTRIAL**  
4 **CLASSIFICATION SYSTEM, UNITED STATES MANUAL, 2022 EDITION, PUBLISHED BY**  
5 **THE UNITED STATES OFFICE OF MANAGEMENT AND BUDGET.**

6 **[(c-12)] (C-13) "Permanent" means perpetual or for an indefinite or unspecified**  
7 **length of time.**

8 (l) (1) "Taxable price" means the value, in money, of the consideration of any  
9 kind that is paid, delivered, payable, or deliverable by a buyer to a vendor in the  
10 consummation and complete performance of a sale without deduction for any expense or  
11 cost, including the cost of:

12 (i) any labor or service rendered;

13 (ii) any material used; or

14 (iii) any property, digital code, or digital product sold.

15 (3) "Taxable price" does not include:

16 (i) a charge that is made in connection with a sale and is stated as  
17 a separate item of the consideration for:

18 1. a delivery, freight, or other transportation service for  
19 delivery directly to the buyer by the vendor or by another person acting for the vendor,  
20 unless the transportation service is a taxable service;

21 2. a finance charge, interest, or similar charge for credit  
22 extended to the buyer;

23 3. a labor or service for application or installation **UNLESS**  
24 **THE LABOR OR SERVICE IS A TAXABLE SERVICE;**

25 4. a mandatory gratuity or service charge in the nature of a  
26 tip for serving food or beverage to a group of 10 or fewer individuals for consumption on the  
27 premises of the vendor;

28 5. a professional service **UNLESS THE SERVICE IS A**  
29 **TAXABLE SERVICE;**

30 6. a tax:

## HOUSE BILL 846

1                   A.     imposed by a county on the sale of coal, electricity, oil,  
2 nuclear fuel assemblies, steam, or artificial or natural gas;

3                   B.     imposed under § 3–302(a) of the Natural Resources  
4 Article, as a surcharge on electricity, and added to an electric bill;

5                   C.     imposed under §§ 6–201 through 6–203 of the  
6 Tax – Property Article, on tangible personal property subject to a lease that is for an initial  
7 period that exceeds 1 year and is noncancellable except for cause; or

8                   D.     imposed under § 4–102 of this article on the gross receipts  
9 derived from an admissions and amusement charge;

10                   7.     any service for the operation of equipment used for the  
11 production of audio, video, or film recordings; or

12                   8.     reimbursement of incidental expenses paid to a third party  
13 and incurred in connection with providing a taxable detective service;

14                   (ii)    the value of a used component or part (core value) received from  
15 a purchaser of the following remanufactured truck parts:

16                   1.     an air brake system;

17                   2.     an engine;

18                   3.     a rear axle carrier; or

19                   4.     a transmission;

20                   (iii)  a charge for a nontaxable service that is made in connection with  
21 a sale of a taxable communication service, even if the nontaxable charges are aggregated  
22 with and not separately stated from the taxable charges for communications services, if the  
23 vendor can reasonably identify charges not subject to tax from its books and records that  
24 are kept in the regular course of business; or

25                   (iv)  a transportation network company impact fee imposed under §  
26 10–408 of the Public Utilities Article.

27                   (m)    “Taxable service” means:

28                   (12)  a prepaid telephone calling arrangement; [or]

29                   (13)  the privilege given to an individual under § 4–1102 of the Alcoholic  
30 Beverages and Cannabis Article to consume wine that is not purchased from or provided  
31 by a restaurant, club, or hotel; **OR**

1           **(14) THE FOLLOWING TRANSPORTATION-RELATED SERVICES:**

2                   **(I) A TRANSPORTATION EQUIPMENT MANUFACTURING**  
3 **SERVICE (NAICS SECTOR 336);**

4                   **(II) A SERVICE PROVIDED BY A TRANSPORTATION EQUIPMENT**  
5 **AND SUPPLIES (EXCEPT MOTOR VEHICLE) MERCHANT WHOLESALER (NAICS**  
6 **SECTOR 42386);**

7                   **(III) A CONSTRUCTION, TRANSPORTATION, MINING, AND**  
8 **FORESTRY MACHINERY AND EQUIPMENT RENTAL AND LEASING SERVICE (NAICS**  
9 **SECTOR 53241);**

10                   **(IV) AN AIR TRANSPORTATION SERVICE (NAICS SECTOR 481);**

11                   **(V) A LIMOUSINE SERVICE (NAICS SECTOR 485320);**

12                   **(VI) A MOTOR VEHICLE TOWING SERVICE (NAICS SECTOR**  
13 **488410);**

14                   **(VII) A COURIER AND MESSENGER SERVICE (NAICS SECTOR**  
15 **492);**

16                   **(VIII) AN AUTOMOTIVE REPAIR AND MAINTENANCE SERVICE**  
17 **(NAICS SECTOR 8111);**

18                   **(IX) A SERVICE RELATED TO THE OPERATION OF A PARKING LOT**  
19 **OR GARAGE (NAICS SECTOR 812930); OR**

20                   **(X) A REGULATION AND ADMINISTRATION OF**  
21 **TRANSPORTATION PROGRAMS SERVICE (NAICS SECTOR 92612).**

22                                   **Article – Transportation**

23 3–215.

24           (a) (1) For the purpose of paying the principal of and interest on consolidated  
25 transportation bonds as they become due and payable, there is hereby levied and imposed  
26 an annual tax that consists of the taxes specified in this section and, to the extent necessary  
27 and except as otherwise provided in this subsection, that shall be used and applied  
28 exclusively for that purpose.

29           (2) The required use and application of the tax under paragraph (1) of this  
30 subsection is subject only to the prior use and application of one or all or any combination

1 of the taxes specified in this section to meet the debt service on all of the following bonds  
2 while they are outstanding and unpaid and to the payment of which any part of those taxes  
3 has been pledged:

4 (i) Bonds of prior issues; and

5 (ii) Bonds of any series of county transportation bonds issued under  
6 Subtitle 3 of this title.

7 (b) The tax levied and imposed by this section consists of that part of the following  
8 taxes that are retained to the credit of the Department after distributions to the political  
9 subdivisions:

10 (1) The motor fuel tax revenue distributed under §§ 2–1103(2), 2–1103(3),  
11 and 2–1104(a)(3) of the Tax – General Article;

12 (2) The motor fuel tax revenue attributable to the sales and use tax  
13 equivalent rate imposed under § 9–306 of the Tax – General Article and distributed under  
14 § 2–1103(4) of the Tax – General Article;

15 (3) The income tax revenue distributed under § 2–614 of the Tax – General  
16 Article;

17 (4) The excise tax imposed on vehicles by Part II of Title 13, Subtitle 8 of  
18 this article;

19 (5) The sales and use tax revenues distributed under § 2–1302.1 of the Tax  
20 – General Article; and

21 (6) The transportation network company impact fee revenues allocated  
22 under § 3–216(d)(5)(i)1 of this subtitle.

23 8–402.

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

26 (b) **(1)** All revenues collected from the following, after deductions provided by  
27 law, shall be credited to the Gasoline and Motor Vehicle Revenue Account:

28 **[(1)] (I)** All of the motor vehicle fuel tax;

29 **[(2)] (II)** Except as otherwise provided by law, two-thirds of the vehicle  
30 titling tax;

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

1            [(4)] (IV) The revenue disbursed to this Account under § 2–614 of the Tax  
2 – General Article; and

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

6            **(2) THE SALES AND USE TAX REVENUE THAT IS ATTRIBUTABLE TO A**  
7 **TRANSPORTATION–RELATED SERVICE AND DISTRIBUTED TO THE TRANSPORTATION**  
8 **TRUST FUND UNDER § 2–1302.1 OF THE TAX – GENERAL ARTICLE MAY NOT BE**  
9 **CREDITED TO THE GASOLINE AND MOTOR VEHICLE REVENUE ACCOUNT.**

10            (c) For fiscal year 2020 and each fiscal year thereafter, revenue credited to the  
11 Account shall be used as provided in § 3–216 of this article.

12            SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
13 1, 2025.