

SENATE BILL 1013

R2, Q5, Q1

3lr3076

By: **Senators Pipkin and Brinkley**

Introduced and read first time: February 21, 2013

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Transportation Trust Fund – Use of Funds – Transit Financing**

3 FOR the purpose of requiring that certain funds in the Transportation Trust Fund be
4 allocated for highway expenditures, transit expenditures, and other
5 transportation expenditures in a certain manner; establishing the Mass Transit
6 Account in the Transportation Trust Fund; requiring that certain revenues be
7 credited to the Mass Transit Account; requiring that funds in the Mass Transit
8 Account be used to pay certain costs of transit facilities and transit service;
9 requiring that revenues attributable to certain county taxes be used to pay the
10 cost of transit facilities and transit service in the county where the tax was
11 collected; authorizing the governing body of a county that is served by certain
12 transit agencies to impose a county transportation property tax; requiring a
13 county transportation property tax to be imposed on the same property that is
14 subject to the county property tax in the same manner as the county property
15 tax; authorizing the governing body of a county that is served by certain transit
16 agencies to impose a county motor fuel tax on each gallon of motor fuel that is
17 sold by a distributor to a retail service station dealer in the county; requiring
18 the tax to be imposed at a certain time and collected and paid in a certain
19 manner; requiring a distributor to file a county motor fuel tax return at certain
20 times; allowing a distributor to deduct a certain amount of the county motor fuel
21 tax due to reimburse the distributor for certain expenses; requiring persons that
22 hold motor fuel on a date that the county motor fuel tax is adjusted to remit any
23 county motor fuel tax that is due on the motor fuel; providing that certain
24 exemptions, refunds, procedures, and penalties that apply to the motor fuel tax
25 also apply to the county motor fuel tax, unless certain regulations provide
26 otherwise; requiring the Comptroller to adopt regulations implementing the
27 county motor fuel tax; requiring regulations adopted by the Comptroller to
28 address certain matters; requiring that county motor fuel tax revenues be
29 distributed in a certain manner; defining certain terms; and generally relating
30 to the use of funds in the Transportation Trust Fund and the financing of
31 transit facilities and transit service.

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 3–216(a), (b), and (c)(1)
 4 Annotated Code of Maryland
 5 (2008 Replacement Volume and 2012 Supplement)

6 BY repealing and reenacting, with amendments,
 7 Article – Transportation
 8 Section 3–216(c)(2)(i) and (d)(1)
 9 Annotated Code of Maryland
 10 (2008 Replacement Volume and 2012 Supplement)

11 BY adding to
 12 Article – Transportation
 13 Section 3–216(d)(7), 7–309, and 7–310
 14 Annotated Code of Maryland
 15 (2008 Replacement Volume and 2012 Supplement)

16 BY adding to
 17 Article – Tax – General
 18 Section 1–101(f–1); 2–11A–01 through 2–11A–03 to be under the new subtitle
 19 “Subtitle 11A. County Motor Fuel Tax Distribution”; and 9–401 through
 20 9–406 to be under the new subtitle “Subtitle 4. County Motor Fuel Tax”
 21 Annotated Code of Maryland
 22 (2010 Replacement Volume and 2012 Supplement)

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

25 **Article – Transportation**

26 3–216.

27 (a) There is a Transportation Trust Fund for the Department.

28 (b) Except as otherwise expressly provided by statute, there shall be credited
 29 to the Transportation Trust Fund for the account of the Department all taxes, fees,
 30 charges, and revenues collected or received by or paid, appropriated, or credited to the
 31 account of the Department or any of its units in the exercise of their rights, powers,
 32 duties, or obligations, including the cash proceeds of the sale of consolidated
 33 transportation bonds, notes, or other evidences of obligation issued by the
 34 Department, any General Fund appropriations, and the proceeds of any State loan or
 35 federal grant made for transportation purposes.

36 (c) (1) There shall be maintained in the Transportation Trust Fund one or
 37 more sinking fund accounts to which shall be credited and from which shall be paid,

1 from the proceeds of the taxes levied and imposed for that purpose or from any other
2 funds of the Department, amounts sufficient at all times to meet the debt service on
3 all bonds of prior issues and consolidated transportation bonds from time to time
4 outstanding and unpaid.

5 (2) (i) The Gasoline and Motor Vehicle Revenue Account, the
6 Driver Education Account, **THE MASS TRANSIT ACCOUNT**, and the Motorcycle
7 Safety Program Account shall be maintained in the Transportation Trust Fund.

8 (d) (1) **[After] SUBJECT TO PARAGRAPH (7) OF THIS SUBSECTION,**
9 **AFTER** meeting its debt service requirements, the Department may use the funds in
10 the Transportation Trust Fund for any lawful purpose related to the exercise of its
11 rights, powers, duties, and obligations.

12 (7) (I) **THIS PARAGRAPH DOES NOT APPLY TO HIGHWAY USER**
13 **REVENUES DISTRIBUTED TO COUNTIES, MUNICIPALITIES, AND BALTIMORE**
14 **CITY UNDER § 8-403 OF THIS ARTICLE.**

15 (II) **BEGINNING IN FISCAL YEAR 2014, THE FUNDS IN THE**
16 **TRANSPORTATION TRUST FUND SHALL BE ALLOCATED AMONG TRANSIT**
17 **EXPENDITURES, HIGHWAY EXPENDITURES, AND OTHER TRANSPORTATION**
18 **EXPENDITURES AS PROVIDED IN THIS PARAGRAPH.**

19 (III) **OF THE FUNDS IN THE TRANSPORTATION TRUST FUND,**
20 **NOT INCLUDING FUNDS CREDITED TO THE MASS TRANSIT ACCOUNT:**

21 1. **THE PORTION ALLOCATED FOR HIGHWAY**
22 **EXPENDITURES SHALL EQUAL:**

23 A. **26.71% IN FISCAL YEAR 2014;**

24 B. **28.42% IN FISCAL YEAR 2015;**

25 C. **30.13% IN FISCAL YEAR 2016;**

26 D. **31.84% IN FISCAL YEAR 2017; AND**

27 E. **33.55% IN FISCAL YEAR 2018 AND IN EACH FISCAL**
28 **YEAR THEREAFTER;**

29 2. **SUBJECT TO § 7-309 OF THIS ARTICLE, THE**
30 **PORTION ALLOCATED FOR TRANSIT EXPENDITURES SHALL EQUAL:**

31 A. **44.36% IN FISCAL YEAR 2014;**

- 1 **B. 42.72% IN FISCAL YEAR 2015;**
2 **C. 41.08% IN FISCAL YEAR 2016;**
3 **D. 39.44% IN FISCAL YEAR 2017; AND**
4 **E. 37.8% IN FISCAL YEAR 2018 AND IN EACH FISCAL**
5 **YEAR THEREAFTER; AND**

6 **3. IN EACH FISCAL YEAR, THE FUNDS NOT**
7 **ALLOCATED TO HIGHWAY EXPENDITURES OR TRANSIT EXPENDITURES UNDER**
8 **ITEMS 1 AND 2 OF THIS SUBPARAGRAPH SHALL BE ALLOCATED FOR ALL OTHER**
9 **EXPENDITURES OF THE TRANSPORTATION TRUST FUND.**

10 **7-309.**

11 **(A) THERE IS A MASS TRANSIT ACCOUNT IN THE TRANSPORTATION**
12 **TRUST FUND.**

13 **(B) THERE SHALL BE CREDITED TO THE MASS TRANSIT ACCOUNT:**

14 **(1) REVENUES ATTRIBUTABLE TO ANY INCREASE IN TRANSIT**
15 **FARES CHARGED BY THE ADMINISTRATION ABOVE THE AMOUNT IN EFFECT ON**
16 **JULY 1, 2013;**

17 **(2) REVENUES ATTRIBUTABLE TO A COUNTY MOTOR FUEL TAX**
18 **THAT IS DISTRIBUTED TO THE MASS TRANSIT ACCOUNT UNDER § 2-11A-03 OF**
19 **THE TAX - GENERAL ARTICLE; AND**

20 **(3) REVENUES ATTRIBUTABLE TO A COUNTY TRANSPORTATION**
21 **PROPERTY TAX IMPOSED UNDER § 7-310 OF THIS SUBTITLE.**

22 **(C) (1) FUNDS IN THE MASS TRANSIT ACCOUNT SHALL BE USED**
23 **ONLY TO PAY COSTS OF TRANSIT FACILITIES AND TRANSIT SERVICE THAT ARE**
24 **IN EXCESS OF THE AMOUNT ALLOCATED FOR TRANSIT EXPENDITURES UNDER §**
25 **3-216(D)(7)(III)2 OF THIS ARTICLE.**

26 **(2) REVENUES ATTRIBUTABLE TO A COUNTY MOTOR FUEL TAX OR**
27 **A COUNTY TRANSPORTATION PROPERTY TAX SHALL BE USED ONLY TO PAY THE**
28 **COST OF TRANSIT FACILITIES OR TRANSIT SERVICE IN THE COUNTY WHERE THE**
29 **TAX WAS COLLECTED.**

1 7-310.

2 (A) THE GOVERNING BODY OF A COUNTY THAT IS SERVED BY THE
3 WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY OR THE
4 ADMINISTRATION MAY IMPOSE A COUNTY TRANSPORTATION PROPERTY TAX IN
5 ACCORDANCE WITH THIS SECTION.

6 (B) FOR THE PURPOSE OF FINANCING TRANSIT FACILITIES AND
7 TRANSIT SERVICE, A COUNTY MAY IMPOSE A TRANSPORTATION PROPERTY TAX
8 ON THE ASSESSMENT OF PROPERTY THAT IS SUBJECT TO THE COUNTY
9 PROPERTY TAX.

10 (C) THE PROPERTY TAX AUTHORIZED UNDER THIS SECTION SHALL BE
11 LEVIED IN THE SAME MANNER, ON THE SAME ASSESSMENTS, FOR THE SAME
12 TIME PERIOD OR PERIODS, AND AS OF THE SAME DATE OR DATES OF FINALITY
13 AS ARE NOW OR MAY HEREAFTER BE PRESCRIBED FOR THE COUNTY PROPERTY
14 TAX.

15 (D) THE PROPERTY TAX AUTHORIZED UNDER THIS SECTION SHALL BE
16 COLLECTED AND SECURED IN THE SAME MANNER AS THE COUNTY PROPERTY
17 TAX AND SHALL BE SUBJECT TO THE SAME PENALTIES AND THE SAME
18 PROCEDURE, SALE, AND LIEN PRIORITY IN CASE OF DELINQUENCY AS
19 PROVIDED FOR THE COUNTY PROPERTY TAX.

20 Article – Tax – General

21 1-101.

22 (F-1) “COUNTY MOTOR FUEL TAX” MEANS THE TAX IMPOSED UNDER
23 TITLE 9, SUBTITLE 4 OF THIS ARTICLE.

24 SUBTITLE 11A. COUNTY MOTOR FUEL TAX DISTRIBUTION.

25 2-11A-01.

26 FROM THE COUNTY MOTOR FUEL TAX REVENUES, THE COMPTROLLER
27 SHALL DISTRIBUTE THE AMOUNT NECESSARY TO PAY REFUNDS RELATING TO
28 THE COUNTY MOTOR FUEL TAX TO A REFUND ACCOUNT.

29 2-11A-02.

30 AFTER MAKING THE DISTRIBUTION REQUIRED UNDER § 2-11A-01 OF
31 THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE THE AMOUNT

1 NECESSARY TO ADMINISTER THE COUNTY MOTOR FUEL TAX TO AN
2 ADMINISTRATIVE COST ACCOUNT.

3 **2-11A-03.**

4 AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§
5 2-11A-01 AND 2-11A-02 OF THIS SUBTITLE, THE COMPTROLLER SHALL
6 DISTRIBUTE THE REMAINING REVENUES FROM THE COUNTY MOTOR FUEL TAX
7 TO THE MASS TRANSIT ACCOUNT IN THE TRANSPORTATION TRUST FUND.

8 **SUBTITLE 4. COUNTY MOTOR FUEL TAX.**

9 **9-401.**

10 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
11 INDICATED.

12 (B) “DISTRIBUTOR” MEANS A PERSON THAT ENGAGES IN THE BUSINESS
13 OF SELLING MOTOR FUEL AT WHOLESALE TO RETAIL SERVICE STATION
14 DEALERS FOR RETAIL SALE IN THE STATE.

15 (C) “RETAIL SERVICE STATION DEALER” HAS THE MEANING STATED IN
16 § 10-101 OF THE BUSINESS REGULATION ARTICLE.

17 **9-402.**

18 THE GOVERNING BODY OF A COUNTY THAT IS SERVED BY THE
19 WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY OR THE MARYLAND
20 TRANSIT ADMINISTRATION MAY IMPOSE, BY LAW, A TAX ON EACH GALLON OF
21 MOTOR FUEL THAT IS SOLD BY A DISTRIBUTOR TO A RETAIL SERVICE STATION
22 DEALER IN THE COUNTY.

23 **9-403.**

24 (A) THE COUNTY MOTOR FUEL TAX IS IMPOSED AT THE TIME OF SALE
25 OF MOTOR FUEL BY A DISTRIBUTOR TO A RETAIL SERVICE STATION DEALER.

26 (B) A DISTRIBUTOR SHALL PAY THE COUNTY MOTOR FUEL TAX IN
27 ACCORDANCE WITH § 9-404 OF THIS SUBTITLE.

28 (C) A DISTRIBUTOR SHALL STATE SEPARATELY THE AMOUNT OF THE
29 COUNTY MOTOR FUEL TAX AND ADD THE AMOUNT OF THE TAX TO THE SALES
30 PRICE OF MOTOR FUEL.

1 **(D) THE COUNTY MOTOR FUEL TAX IS:**

2 **(1) A DEBT OF A RETAIL SERVICE STATION DEALER TO THE**
3 **DISTRIBUTOR UNTIL PAID; AND**

4 **(2) RECOVERABLE BY A DISTRIBUTOR FROM A RETAIL SERVICE**
5 **STATION DEALER IN THE SAME MANNER AS OTHER DEBTS.**

6 **9-404.**

7 **(A) A DISTRIBUTOR SHALL COMPLETE, UNDER OATH, AND FILE WITH**
8 **THE COMPTROLLER A COUNTY MOTOR FUEL TAX RETURN FOR EACH MONTH IN**
9 **WHICH THE DISTRIBUTOR SELLS MOTOR FUEL IN A COUNTY THAT IMPOSES THE**
10 **COUNTY MOTOR FUEL TAX.**

11 **(B) THE COUNTY MOTOR FUEL TAX RETURN IS DUE AT THE TIME A**
12 **MOTOR FUEL TAX RETURN IS DUE UNDER § 9-308(A) OF THIS TITLE.**

13 **(C) A DISTRIBUTOR MAY DEDUCT 0.5% OF THE COUNTY MOTOR FUEL**
14 **TAX DUE ON A MONTHLY BASIS TO REIMBURSE THE DISTRIBUTOR FOR**
15 **EXPENSES INCURRED FOR THE STATE IN KEEPING RECORDS AND COLLECTING**
16 **THE COUNTY MOTOR FUEL TAX.**

17 **(D) EACH PERSON HOLDING MOTOR FUEL FOR SALE AT THE START OF**
18 **BUSINESS ON A DAY THAT THE COUNTY MOTOR FUEL TAX RATE IS ADJUSTED**
19 **SHALL COMPILE AND FILE AN INVENTORY OF THE MOTOR FUEL HELD AT THE**
20 **CLOSE OF BUSINESS ON THE DAY BEFORE THE DAY THAT THE COUNTY MOTOR**
21 **FUEL TAX RATE IS ADJUSTED AND REMIT WITHIN 30 DAYS ANY MOTOR FUEL TAX**
22 **THAT IS DUE ON THE MOTOR FUEL.**

23 **9-405.**

24 **EXCEPT AS OTHERWISE PROVIDED IN REGULATIONS ADOPTED BY THE**
25 **COMPTROLLER:**

26 **(1) EXEMPTIONS AND REFUNDS THAT APPLY TO THE MOTOR FUEL**
27 **TAX ALSO APPLY TO THE COUNTY MOTOR FUEL TAX; AND**

28 **(2) PROCEDURES AND PENALTIES THAT APPLY TO THE MOTOR**
29 **FUEL TAX UNDER TITLE 13 OF THIS ARTICLE ALSO APPLY TO THE COUNTY**
30 **MOTOR FUEL TAX.**

1 **9-406.**

2 (A) THE COMPTROLLER SHALL ADOPT REGULATIONS TO IMPLEMENT
3 THIS SUBTITLE.

4 (B) REGULATIONS ADOPTED BY THE COMPTROLLER UNDER THIS
5 SECTION SHALL:

6 (1) ESTABLISH REQUIREMENTS FOR THE MAINTENANCE OF
7 RECORDS BY DISTRIBUTORS AND OTHER PERSONS AS NECESSARY TO
8 ADMINISTER THE COUNTY MOTOR FUEL TAX AND PROVIDE FOR INSPECTION OF
9 THOSE RECORDS BY THE COMPTROLLER; AND

10 (2) PROVIDE FOR ALL ASPECTS OF THE LICENSING OF
11 DISTRIBUTORS, INCLUDING:

12 (I) QUALIFICATIONS FOR A LICENSE;

13 (II) THE LICENSE APPLICATION PROCESS;

14 (III) THE TERM OF A LICENSE;

15 (IV) RIGHTS OF LICENSE HOLDERS;

16 (V) CANCELLATION OF A LICENSE; AND

17 (VI) THE PROCESS FOR APPEALING A DECISION TO DENY OR
18 CANCEL A LICENSE.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 July 1, 2013.