

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 1486
 Ways and Means

(Delegate Johnson, *et al.*)

Budget and Taxation

Motor Fuel Taxes – Tax-Free Period

This emergency bill temporarily eliminates certain motor fuel taxes during a 30-day period beginning with the effective date of the bill.

Fiscal Summary

State Effect: Special fund revenues decrease by \$93.6 million in FY 2022 due to a reduction in motor fuel tax revenues. Supplemental Budget No. 2 provides \$100.0 million in general fund revenues to offset the loss in special funds resulting from the bill.

(\$ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
SF Revenue	(\$93.6)	\$0	\$0	\$0	\$0
Expenditure	0	0	0	0	0
Net Effect	(\$93.6)	\$0.0	\$0.0	\$0.0	\$0.0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not materially affect local government finances.

Small Business Effect: Small business suppliers and consumers of motor fuels may benefit from the proposed reduction in motor fuel taxes.

Analysis

Current Law: As of July 1, 2021, the per gallon motor fuel tax rate is equal to 36.1 cents (gasoline and clean-burning fuel), 36.85 cents (special fuel/diesel), and 7.0 cents (aviation and turbine fuel).

After distribution to an administrative cost account, net motor fuel taxes are distributed to the TTF, Chesapeake and Atlantic Coastal Bays 2010 Trust fund (2010 Trust Fund), and Waterway Improvement Fund. A portion of TTF revenues is used to provide capital transportation grants to local governments.

State Fiscal Effect: The bill temporarily eliminates certain motor fuel taxes during a 30-day period beginning with the effective date of the bill. **Exhibit 1** shows the fiscal impact of the bill.

Exhibit 1
Fiscal Year 2022 Impact
(\$ in Millions)

<u>Revenues</u>	
Administrative Cost Account	(\$0.7)
Transportation Trust Fund	(91.6)
2010 Trust Fund	(1.0)
Waterway Improvement Fund	(0.2)
Revenue Total	(\$93.6)

Source: Comptroller's Office; Maryland Department of Transportation; Department of Legislative Services

Supplemental Budget No. 2 provides \$100.0 million in general fund revenues to offset the loss in special funds shown in Exhibit 1.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 1010 (The President, *et al.*) - Budget and Taxation.

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

Fiscal Note History:
fnu2/hlb

First Reader - March 14, 2022
Third Reader - March 17, 2022

Revised - Budget Information - March 18, 2022

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