

SENATE BILL 982

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CF HB 1394

By: **Senators Serafini and McCray**

Introduced and read first time: February 3, 2020

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 8, 2020

CHAPTER _____

1 AN ACT concerning

2 **Highway User Revenues – ~~Revenue and~~ Distribution**

3 FOR the purpose of ~~repealing a certain provision of law that excludes certain motor fuel~~
4 ~~tax revenue from distribution as highway user revenues to the Gasoline and Motor~~
5 ~~Vehicle Revenue Account in the Transportation Trust Fund; repealing an exception~~
6 ~~for highway user revenues to the requirement that certain supermajorities of the~~
7 ~~General Assembly approve certain transfers from the Transportation Trust Fund;~~
8 ~~altering, beginning in a certain fiscal year, the amounts of certain capital grants~~
9 ~~calculated based on highway user revenues that are required to be appropriated to~~
10 ~~Baltimore City, counties, and municipalities in certain fiscal years; making a~~
11 ~~stylistic change; repealing an obsolete provision; making certain conforming~~
12 ~~changes; and generally relating to revenue for and distributions of highway user~~
13 ~~revenues.~~

14 ~~BY repealing and reenacting, with amendments,~~
15 ~~Article – Tax – General~~
16 ~~Section 2-1103~~
17 ~~Annotated Code of Maryland~~
18 ~~(2016 Replacement Volume and 2019 Supplement)~~

19 BY repealing and reenacting, with amendments,
20 Article – Transportation
21 Section ~~3-216(f), 8-402, and 8-403~~
22 Annotated Code of Maryland
23 (2015 Replacement Volume and 2019 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

~~Article Tax General~~

~~2-1103.~~

~~After making the distributions required under §§ 2-1101 and 2-1102 of this subtitle, the Comptroller shall distribute:~~

~~(1) the remaining motor fuel tax revenue from aviation fuel to the Transportation Trust Fund;~~

~~(2) all remaining motor fuel tax revenue, equal to the average percentage by which the motor fuel tax rate exceeds 18.5 cents per gallon, not including [revenue attributable to an increase in the motor fuel tax rates under § 9-305(b) of this article or] revenue attributable to the sales and use tax equivalent rate imposed under § 9-306 of this article, to the Gasoline and Motor Vehicle Revenue Account in the Transportation Trust Fund; AND~~

~~(3) [revenue attributable to an increase in the motor fuel tax rates imposed under § 9-305(b) of this article to the Transportation Trust Fund; and~~

~~(4)] revenue attributable to the sales and use tax equivalent rate imposed under § 9-306 of this article to the Transportation Trust Fund.~~

~~Article Transportation~~

~~3-216.~~

~~(f) (1) Except as provided in [paragraphs (3) and (6)] PARAGRAPH (3) of this subsection, no part of the Transportation Trust Fund may be transferred or diverted to the General Fund of the State unless approved by the General Assembly through legislation passed by a three fifths majority vote of the full standing committee assigned the legislation in each of the two Houses of the General Assembly and enacted into law.~~

~~(2) Except as provided in [paragraphs (3) and (6)] PARAGRAPH (3) of this subsection, no part of the Transportation Trust Fund may be transferred or diverted to a special fund of the State, unless approved by the General Assembly through legislation passed by a three fifths majority vote of the full standing committee assigned the legislation in each of the two Houses of the General Assembly and enacted into law. No part of the Transportation Trust Fund may be transferred or diverted to a special fund of the State pursuant to the provisions of § 7-209(c)(2) of the State Finance and Procurement Article, unless the requirements of this paragraph have been satisfied.~~

~~(3) Funds in the Transportation Trust Fund may be used for defense or relief purposes only if:~~

~~(i) The State is invaded by land, sea, or air or a major catastrophe occurs; and~~

~~(ii) The Governor:~~

~~1. Proclaims a State of Emergency; and~~

~~2. Declares that the use of the funds for defense or relief purposes is necessary for the immediate preservation of the public health or safety.~~

~~(4) Before the enactment of legislation under paragraph (1) or (2) of this subsection or the issuance of an emergency declaration under paragraph (3) of this subsection to transfer or divert funds from the Transportation Trust Fund to the General Fund or a special fund, the Treasurer shall advise the Governor and the General Assembly of the potential impact of the transfer or diversion on the credit rating of bonds or other debt instruments issued by the Department.~~

~~(5) (i) Before the enactment of legislation under paragraph (1) or (2) of this subsection or the issuance of an emergency declaration under paragraph (3) of this subsection to transfer or divert funds from the Transportation Trust Fund to the General Fund or a special fund, a determination shall be made of the potential impact of the transfer or diversion on the additional bonds test set forth in the Secretary's resolution and the credit rating of bonds or other debt instruments issued by the Department.~~

~~(ii) A transfer or diversion may not occur if it is determined that the transfer or diversion would:~~

~~1. Cause the Department to fail the additional bonds test; or~~

~~2. Result in a downgrade of the Department's bonds.~~

~~[(6) This subsection does not apply to a distribution of highway user revenues to counties, municipalities, and Baltimore City under § 8-403 of this article.]~~

~~§ 402.~~

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

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

~~(1) All of the motor vehicle fuel tax;~~

~~(2) Except as otherwise provided by law, two thirds of the vehicle titling tax;~~

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

~~(4) The revenue disbursed to this Account under § 2-614 of the Tax General Article; and~~

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

~~(e) [(1) For fiscal year 2019:~~

~~(i) 90.4% of the revenue credited to the Account may be used as provided in § 3-216 of this article; and~~

~~(ii) The balance of the Account shall be used to pay the allocations of highway user revenues provided by this subtitle to the counties, municipalities, and Baltimore City.~~

~~(2)] For fiscal year 2020 and each fiscal year thereafter, revenue credited to the Account shall be used as provided in § 3-216 of this article.~~

Article – Transportation

8–403.

(a) [Subject to §§ 3–307 and 3–308 of this article, for fiscal year 2019, from the total highway user revenues:

(1) An amount equal to 7.7% of total highway user revenues shall be distributed to Baltimore City in monthly installments;

(2) An amount shall be distributed to the counties at the times specified in § 8–407 of this subtitle, to be allocated as provided in § 8–404 of this subtitle, equal to 1.5% of total highway user revenues; and

(3) An amount shall be distributed to the municipalities at the times specified in § 8–407 of this subtitle, to be allocated as provided in § 8–405 of this subtitle, equal to 0.4% of total highway user revenues.

(b) (1)] Subject to [paragraph (3) of this subsection] **SUBSECTION (C) (B) OF THIS SECTION**, for fiscal ~~years~~ **YEAR** 2020 ~~through 2024~~ **AND EACH FISCAL YEAR**

THEREAFTER, capital grants shall be appropriated from the Transportation Trust Fund as provided in § 3–216 of this article based on the following calculations:

[(i)] (1) An amount equal to 8.3% of funds credited to the Gasoline and Motor Vehicle Revenue Account shall be appropriated to Baltimore City;

[(ii)] (2) An amount equal to 3.2% of funds credited to the Gasoline and Motor Vehicle Revenue Account shall be appropriated to the counties to be distributed as provided in § 8–404 of this subtitle; and

[(iii)] (3) An amount equal to 2.0% of funds credited to the Gasoline and Motor Vehicle Revenue Account shall be appropriated to the municipalities to be distributed as provided in § 8–405 of this subtitle.

~~**[(2)] (B)** Subject to **paragraph (2)** of this subsection~~ **SUBSECTION (C)**
~~**OF THIS SECTION**, for fiscal year 2025 and each fiscal year thereafter, capital grants shall be appropriated from the Transportation Trust Fund as provided in § 3–216 of this article based on the following calculations:~~

~~**[(i)] (1)** An amount equal to **[7.7%] 8.8%** of funds credited to the Gasoline and Motor Vehicle Revenue Account shall be appropriated to Baltimore City;~~

~~**[(ii)] (2)** An amount equal to **[1.5%] 3.2%** of funds credited to the Gasoline and Motor Vehicle Revenue Account shall be appropriated to the counties to be distributed as provided in § 8–404 of this subtitle; and~~

~~**[(iii)] (3)** An amount equal to **[0.4%] 2.6%** of funds credited to the Gasoline and Motor Vehicle Revenue Account shall be appropriated to the municipalities to be distributed as provided in § 8–405 of this subtitle.~~

[(3)] (C) (B) The capital grants made under this subtitle shall be appropriated only if all debt service requirements and departmental operating expenses have been funded and sufficient funds are available to fund the capital program.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020.