



# MOTOR FUEL TAX AND MOTOR CARRIER TAX (IFTA) ANNUAL REPORT

**Fiscal Year 2011**



*Peter Franchot*  
Comptroller of Maryland



**To Interested Members of the Motor Fuel and  
Motor Carrier Industries:**

I am pleased to present the annual report for Motor Fuel Tax and Motor Carrier Tax "IFTA" for fiscal year 2011.

This report furnishes general information and data about the administration, collection, and distribution of motor fuel tax revenue and motor carrier tax "IFTA" revenue.

If you need further information, please contact the Field Enforcement Division at (410) 260-7388, or me, in Annapolis, and we will be happy to help you.

Sincerely,

A handwritten signature in black ink that reads 'Peter Franchoff'.

Comptroller of Maryland

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# INTRODUCTION

The Revenue Administration Division of the Comptroller of Maryland is responsible for collecting the motor fuel tax and motor carrier tax, and the Field Enforcement Division is responsible for regulation and enforcement of the State's motor fuel and motor carrier tax laws.

This annual report provides data and statistics about the tax collection function of the Revenue Administration Division and the regulatory function of the Field Enforcement Division. All information in this report, including but not limited to revenue, permits, and other regulatory activities are for fiscal year 2011: July 1, 2010 through June 30, 2011.

## **Taxes**

The Maryland Motor Fuel Tax is imposed on each gallon of fuel at the following rates:

- 7 cents for each gallon of aviation gasoline;
- 23.5 cents for each gallon of gasoline other than aviation gasoline;
- 24.25 cents for each gallon of special fuel other than clean-burning fuel or turbine fuel;
- 7 cents for each gallon of turbine fuel; and
- 23.5 cents for each gasoline-equivalent gallon of clean-burning fuel except electricity.

In general, after paying refunds, administrative costs of the Comptroller and a certain percentage to the Chesapeake Bay 2010 Trust Fund, motor fuel taxes are distributed to the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund. Further details are in this report about motor fuel tax revenue distribution.

The Maryland Motor Carrier Tax is imposed at the same rate as the motor fuel tax rate for each type of motor fuel used. It is a fuel use tax on motor carriers who travel on Maryland highways. Motor carrier tax revenue and fees collected under Title 9 of the Tax-General Article are distributed to the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund.

## **Revenue**

Total gross revenue from motor fuel tax and motor carrier taxes, motor carrier temporary permit fees, and other revenue for fiscal year 2011 was \$746,457,099. Compared to fiscal year 2010, fiscal year 2011 tax revenues indicate the following changes: 0.5% increase in gasoline taxes; a 0.5% decrease in special fuel taxes; a 29.7% decrease in aviation fuel taxes; and a 7.4% increase in motor carrier taxes for Maryland-based commercial vehicles; a 59.0% decrease in motor carrier taxes collected for commercial vehicles based in other jurisdictions, and a 53.6% increase in motor carrier

temporary permit fees. There was an overall decrease of 0.05% in gross motor fuel tax and motor carrier tax revenues.

There are no fees for motor fuel licenses or registrations, or for IFTA licenses.

## **Motor Fuel and Motor Carrier Legislation**

The Maryland General Assembly passed 2 legislative bills during the 2011 session related to motor fuel laws, and one bill related to the distribution of motor fuel tax revenue. These bills are listed with the corresponding chapter number. Further information about legislation is available at <http://mlis.state.md.us>, the Maryland General Assembly's website.

## **2011 Legislative Session**

### STATEWIDE:

#### **Senate Bill 101 (Chapter 25) Business Regulation - Motor Fuel Advertising Signs - Requirements**

This bill removes the requirement that a retail service station dealer must post on a sign the lowest price for mid-grade gasoline, and also allows the dealer to post the lowest price for diesel or other motor fuel products sold on the premises. EFFECTIVE OCTOBER 1, 2011

#### **Senate Bill 145 (Chapter 31) Motor Fuel Tax - Personal Liability - Limited Liability Companies, and Limited Liability Partnerships**

This bill allows the Comptroller to impose personal liability for motor fuel taxes, including interest and penalties, on any person who exercises direct control over fiscal management of a limited liability company or limited liability partnership. Currently, the Comptroller may impose personal liability for motor fuel taxes on corporations. EFFECTIVE OCTOBER 1, 2011

#### **House Bill 72 (Chapter 397) Budget Reconciliation and Financing Act of 2011**

This bill provides for the distribution of motor fuel tax revenue as follows: after deductions for refunds and administrative costs, for each fiscal year beginning on or before July 1, 2015, the 2.3% of motor fuel tax revenue allocated to the Chesapeake Bay 2010 Trust Fund shall be distributed to the General Fund as follows: \$5,000,000 for each fiscal year beginning on or before July 1, 2014; \$4,624,687 for the fiscal year beginning July 1, 2015, and the balance to the Chesapeake Bay 2010 Trust Fund.

After the 2.3% distribution as stated above, the balance of the motor fuel tax revenue is distributed to the

Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund. EFFECTIVE JULY 1, 2011

## **Taxation and Regulation**

### **MOTOR FUEL TAX**

The Maryland motor fuel tax is an excise tax on motor fuel purchased for the purpose of propelling a motor vehicle or aircraft. Motor fuel is defined as gasoline or special fuel. Gasoline is a product used as fuel in a spark ignited internal combustion engine. The Comptroller may designate a product as gasoline, such as ethanol.

Special fuel is a product usable as fuel in an internal combustion engine, such as diesel fuel, and it also includes clean-burning fuel used for motor vehicle propulsion, such as natural gas, hydrogen, or a fuel that contains at least 85% ethanol.

Aviation fuel is defined as aviation gasoline, or turbine fuel (jet fuel).

The definition of motor fuel is important as it determines the motor fuel tax rate, what type of license is required, and whether or not an exemption certificate may be issued.

Other than the exemptions listed in § 9-303 and § 9-304 of the Tax-General Article, a tax is imposed on motor fuel. The rules governing when the motor fuel tax is imposed are different for gasoline and special fuel. Gasoline is subject to the motor fuel tax, unless a nontaxable use can be claimed for a refund under the particular exceptions in Tax-General Article § 13-901 related to certain public, governmental, and commercial purposes. In contrast, special fuel may not be subject to tax if the purchaser has an exemption certificate. Exemption certificates are not issued for gasoline.

Pursuant to Tax-General Article, § 9-314(a), the motor fuel tax on gasoline is paid by either: (1) the licensed Class B dealer who first receives gasoline imported into Maryland; (2) any other dealer who uses the gasoline, or first sells the gasoline in Maryland to a buyer other than a licensed dealer authorized to acquire gasoline without paying the motor fuel tax; or (3) any other person who acquires gasoline on which the motor fuel tax has not been paid. Gasoline is essentially taxed on first sale, or import.

Special fuel, which was not separately defined until 1988, is subject to the motor fuel tax when a special fuel seller delivers the fuel into a tank from which a motor vehicle can be fueled unless the person who uses or resells the special fuel has an exemption certificate. The tax is imposed when a special fuel user operates a motor vehicle on a public highway using special fuel; or when a person acquires special fuel without an exemption certificate, or when the motor fuel tax has not been paid.

The motor fuel tax on turbine fuel is imposed on the turbine fuel seller who delivers turbine fuel into the fuel supply tank of a turbine-powered aircraft, or any other person who acquires turbine fuel not tax-paid and without an exemption certificate.

There is an on-line service called "Motor Fuel License Inquiry" and "Special Fuel Exemption Inquiry" on the Comptroller's website that can be used to determine whether a business has a motor fuel license or a seller or user of special fuel has an exemption certificate.

Motor fuel that is exported or sold for exportation from Maryland is not subject to the motor fuel tax.

### **Discounts or Cost of Collection Allowances**

Under Tax-General Article, § 9-308, a licensed gasoline dealer, special fuel seller, special fuel user, or turbine fuel seller shall file monthly tax returns and pay the motor fuel tax.

A licensed dealer or licensed special fuel seller must deduct as a discount 0.5% of the 1<sup>st</sup> 10 cents of the motor fuel tax on each gallon of motor fuel. The discount compensates the licensed dealer and licensed special fuel seller for expenses incurred in keeping records, collecting and paying the tax, and preparing reports. Discounts do not apply to aviation gasoline. This discount must be allocated and passed-on to subsequent purchasers as provided in Tax-General Article, § 9-315(b)(2).

### **Exemption Certificates**

A holder of an exemption certificate may acquire in bulk special fuel or turbine fuel without paying the motor fuel tax from a licensed special fuel seller or turbine fuel seller. Sellers of kerosene and propane at retail may obtain exemption certificates if this is the only fuel sold, the fuel is sold for a nontaxable use, all other special fuels are purchased tax-paid from the supplier, or the seller is a licensed special fuel seller. Regulations related to exemption certificates are found in the Code of Maryland Regulations (COMAR) 03.03.01.16.

### **MOTOR CARRIER TAX**

Tax-General Article, § 9-204 provides that the rate of the motor carrier tax for each gallon used by a commercial motor vehicle on a highway is the motor fuel tax rate for the type of motor fuel used for each gallon. Exceptions to what constitutes a "commercial motor vehicle" are found in Tax-General Article, § 9-201(b).

### International Fuel Tax Agreement (“IFTA”)

Pursuant to the authority granted by Tax-Gen. § 9-205, Maryland was approved in 1995 as a member jurisdiction of the International Fuel Tax Agreement (“IFTA”). Maryland’s IFTA membership became effective January 1, 1996, and the State currently continues to be a member, which requires compliance with the IFTA Articles of Agreement, IFTA Procedures Manual, and IFTA Audit Manual.

The IFTA Agreement applies to the fuel use taxation, registration, and reporting requirements of motor carriers. However, various provisions of the IFTA Agreement permit Maryland as a base jurisdiction to determine the rules and procedures according to Maryland law. Therefore, the motor carrier tax statute found in Tax-General Article, Title 9, Subtitle 2 must be considered in conjunction with the IFTA Agreement.

Three concepts are fundamental to IFTA: (1) base jurisdiction; (2) state sovereignty; and (3) uniformity.

(1) One license and one base jurisdiction is a core principle of IFTA. Maryland as an IFTA member means that it is a base jurisdiction for motor carriers with a vehicle registration in the State. The base jurisdiction concept allows a licensee to report and pay motor carrier taxes to Maryland for distribution to other member jurisdictions in which the licensee traveled and incurred motor fuel use tax liability.

(2) State sovereignty allows each member jurisdiction to retain its authority to impose and administer the motor carrier tax as it determines. By entering into IFTA, Maryland has not relinquished any substantive tax authority.

(3) Uniform IFTA rules and procedures facilitate the collection and disbursement of multistate fuel taxes, promoting interstate travel and commerce.

Under IFTA, the motor carrier tax and exemptions from tax are determined by the laws of the base jurisdiction. In Maryland, there are no exempt miles for the motor carrier tax; however, the tax is not imposed on commercial motor vehicles which are leased from another motor carrier who is responsible for the payment of the motor carrier tax, or those who operate a motor carrier under a trip permit.

The calculation used to compute the amount of motor fuel use in Maryland involves two computations: (1) average fleet miles for each gallon; and (2) total miles the motor carrier’s fleet travels on Maryland highways. To compute the average fleet miles for each gallon, a fraction is used, the numerator of which is the total miles that the motor carrier’s entire fleet travels in all states; and the denominator of which is the total gallons of motor fuel used. This fraction is then divided into the total miles the motor carrier’s fleet travels on Maryland highways.

The following is an example of how to calculate the motor carrier tax:

- (1) Total miles in all states: 1,000
- 
- Total gallons of motor fuel used: 50
- = 20 Average Fleet MPG
- (2) Total miles traveled in Maryland: 500  
Calculate Maryland taxable fuel use:  
 $500 \div 20 = 25$  Maryland taxable gallons

If the motor fuel used is gasoline, the 25 taxable fuel use gallons are taxed at a rate of 23.5 cents for each gallon, or \$5.88. The motor carrier tax in the amount of \$ 5.88 on the 25 gallons can be reduced by a credit for tax-paid gallons purchased in Maryland.

### **Credits & Refunds**

An IFTA licensee may receive credit or a refund for tax-paid purchases of fuel used outside the jurisdiction where the fuel was purchased. Tax-paid purchases to other member jurisdictions can be reported as credits on the licensee’s IFTA Quarterly Fuel Use Tax Return. Refunds will be made only after all tax liabilities, including audit assessments, have been satisfied to all member jurisdictions.

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## MOTOR FUEL TAX & MOTOR CARRIER TAX REGULATION

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The Comptroller of Maryland is responsible for administering and enforcing the following provisions of the Annotated Code of Maryland:

Business Regulation Article, Title 10: Motor Fuel and Lubricants  
Tax-General Article, Title 9, Subtitle 2: Motor Carrier Tax  
Tax-General Article, Title 9, Subtitle 3: Motor Fuel Tax

Motor fuel is defined as: (1) Gasoline; or (2) Special Fuel. The following types of motor fuel are regulated by the Comptroller:

<u>Gasoline</u>	<u>Special Fuel</u>
Gasoline	Diesel Fuel
Ethanol	Biodiesel Fuel
	Natural Gas
<u>Aviation Fuel</u>	Kerosene
Aviation Gasoline	Propane
Turbine Fuel – Jet Fuel	Fuel Oil

Motor carriers, or commercial motor vehicles, are subject to the Articles of the International Fuel Tax Agreement (“IFTA”), and the laws and regulations of Title 9, Subtitle 2 of the Tax-General Article, Annotated Code of Maryland.

### Licenses, Permits, and other Registrations

(1)	Gasoline Dealer Licenses	255
(2)	Special Fuel Seller Licenses	439
(3)	Special Fuel User Licenses	151
(4)	Special Fuel Tax Exemption Certificates	1,148
(5)	Aviation Gasoline or Turbine Fuel Licenses	73
(6)	Motor Fuel Inspection Registrations	9,330
(7)	Petroleum Transporter Registrations	795
(8)	IFTA Licenses	4,717
(9)	IFTA Decals	41,399

## Maryland Fuel Tax Rates

Type of Motor Fuel	Rate as of July 1, 2010	Description
Gasoline	\$.235 per gallon	Ethanol is designated as gasoline
Special Fuel	\$.2425 per gallon	Clear diesel, clear kerosene, and biodiesel
Aviation Gasoline and Turbine Fuel	\$.07 per gallon	Used to power aircraft
Kerosene, dyed diesel, fuel oil	Tax Free	Dyed fuel is for non-highway use and home heating. Use on public highway prohibited.
Propane, Liquefied Natural Gas (LNG), liquefied petroleum gas (LPG), hydrogen	\$.235 per gasoline-equivalent gallon	Clean-burning fuels



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## Audits and Tax Administration

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### *Field Audits:*

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	<b>MOTOR FUEL</b>	<b>IFTA</b>
Completed audits	56	121
Assessments:		
Tax	\$1,263,435	\$53,514
Penalty	126,432	19,141
Interest	597,187	19,458
Total Tax Assessments:	<u>\$1,987,054</u>	<u>\$92,113</u>

### *Internal Audits:*

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Crosscheck: Dealers, Special Fuel Sellers, and Users	7,572	
<i>Tax Returns Processed:</i>	<u>13,561</u>	<u>1,762</u>

## Taxable Gallonage Sales

### *Gasoline Dealers and Special Fuel Sellers and Users*

Reporting Period	Gasoline Dealers	Special Fuel Sellers & Users	Total Taxable Gallons Sold
Jul-10	218,175,092	43,499,581	261,674,673
Aug-10	248,639,887	41,973,066	290,612,953
Sep-10	227,036,229	40,878,884	267,915,113
Oct-10	218,984,629	41,980,481	260,965,110
Nov-10	244,176,919	40,863,433	285,040,352
Dec-10	219,640,170	37,105,140	256,745,310
Jan-11	219,919,656	38,566,772	258,486,428
Feb-11	201,058,968	28,014,015	229,072,983
Mar-11	216,556,258	41,403,748	257,960,006
Apr-11	226,789,885	45,416,230	272,206,115
May-11	220,611,463	37,545,675	258,157,138
Jun-11	202,358,058	33,728,705	236,086,763
<b>TOTAL:</b>	<b>2,663,947,214</b>	<b>470,975,730</b>	<b>3,134,922,944</b>

**Note:** Motor fuel tax must be reported and paid by the last day of the month following the month in which motor fuel is sold or used in Maryland. Tax-General Article, § 9-308(a)(1), Annotated Code of Maryland

The reporting period represents the gallonage reported for the prior month.

## Adjustments to Gross Gallonage

	Temperature and Stock Gallonage Adjustments			Federal Exempt Gallonage	Cost of Collection Allowances		
	Gasoline Dealer	Special Fuel Seller and User	TOTAL	TOTAL	Gasoline Dealer	Special Fuel Seller	
<b>Jul-10</b>	504,751	309,311	814,062	120,200	\$109,499	\$37,493	\$146,992
<b>Aug-10</b>	924,317	221,268	1,145,585	139,172	124,044	22,486	146,530
<b>Sep-10</b>	842,739	182,689	1,025,428	531,919	115,390	24,322	139,712
<b>Oct-10</b>	183,608	593,687	777,295	155,904	110,786	31,326	142,112
<b>Nov-10</b>	56,550	420,686	477,236	165,584	121,155	26,976	148,131
<b>Dec-10</b>	246,739	1,072,601	1,319,340	105,978	95,779	28,700	124,479
<b>Jan-11</b>	585,676	637,088	1,222,764	149,918	109,406	21,808	131,214
<b>Feb-11</b>	403,582	169,352	572,934	160,163	106,463	25,304	131,767
<b>Mar-11</b>	247,499	811,280	1,058,779	253,930	110,364	26,115	136,479
<b>Apr-11</b>	252,548	883,307	1,135,855	129,567	117,387	34,300	151,687
<b>May-11</b>	111,921	690,082	802,003	137,344	108,299	30,129	138,428
<b>Jun-11</b>	657,999	1,067,263	1,725,262	423,484	86,572	23,035	109,607
<b>TOTAL</b>	<b>4,513,178</b>	<b>6,749,303</b>	<b>11,262,481</b>	<b>2,473,163</b>	<b>\$1,205,645</b>	<b>\$294,501</b>	<b>\$1,500,146</b>

**Notes:**

- (1) Temperature and Stock Gallonage Adjustments: gallonage allowance for evaporation, shrinkage, and handling.
- (2) Cost of Collection Allowances: Under Tax-General Article, § 9-315(a), a licensed gasoline dealer or licensed special fuel seller shall deduct 0.5% of the 1st 10 cents of the motor fuel tax on each gallon of motor fuel as a discount. A certain portion of the discount, or cost of collection allowance, must be allocated and passed-on by the licensed dealer and licensed special fuel seller in accordance with Tax-General Article, § 9-315(b)(2).

## Gallonage Summary

	<b>Gallons</b>
<b>Gross Gallons Reported</b>	<b>3,163,660,048</b>
<i>Less Adjustments:</i>	
Temperature & Stock Adjustments	11,262,481
Federal Exempt Purchases	2,473,163
Cost of Collection Allowance	15,001,460
<i>Total Adjustments</i>	28,737,104
<b>Taxable Gallons:</b>	<b>3,134,922,944</b>
Gasoline Dealers	2,663,947,214
Special Fuel Sellers and Users	470,975,730
<b>Taxable Gallons:</b>	<b>3,134,922,944</b>
<b>Aviation Fuel Sellers - Taxable Gallons</b>	<b>10,968,378</b>

## Taxable Gallonage - FY 2010 and FY 2011

### *Gasoline Dealers and Special Fuel Sellers or Users*

	2010	2011
<b>Gasoline Dealers</b>		
June	241,265,792	218,175,092
July	232,637,342	248,639,887
August	237,631,836	227,036,229
September	227,768,302	218,984,629
October	200,196,270	244,176,919
November	211,433,840	219,640,170
December	206,232,712	219,919,656
January	219,156,209	201,058,968
February	184,700,790	216,556,258
March	222,376,484	226,789,885
April	232,949,169	220,611,463
May	233,613,840	202,358,058
	<b>2,649,962,586</b>	<b>2,663,947,214</b>

% change prior year    -1.2%    0.5%

	2010	2011
<b>Special Fuel Sellers and Users</b>		
June	46,260,752	43,499,581
July	40,416,705	41,973,066
August	39,888,377	40,878,884
September	40,507,590	41,980,481
October	39,413,048	40,863,433
November	35,886,353	37,105,140
December	38,867,970	38,566,772
January	33,381,326	28,014,015
February	37,175,709	41,403,748
March	39,142,708	45,416,230
April	43,602,840	37,545,675
May	38,581,671	33,728,705
<b>TOTAL</b>	<b>473,125,049</b>	<b>470,975,730</b>

% change prior year    0.4%    -0.5%

	2010	2011
<b>Combined Taxable Gallons Sold</b>		
June	287,526,544	261,674,673
July	273,054,047	290,612,953
August	277,520,213	267,915,113
September	268,275,892	260,965,110
October	239,609,318	285,040,352
November	247,320,193	256,745,310
December	245,100,682	258,486,428
January	252,537,535	229,072,983
February	221,876,499	257,960,006
March	261,519,192	272,206,115
April	276,552,009	258,157,138
May	272,195,511	236,086,763
<b>TOTAL</b>	<b>3,123,087,635</b>	<b>3,134,922,944</b>

% change prior year    -1.0%    0.4%

## AVIATION FUEL

Aviation Fuel is: (1) aviation gasoline; or (2) turbine fuel, both used to propel aircraft.

**Aviation Fuel Sales (Gallons)** **10,968,378**

### Taxable Gallonage: FY 2010 and FY 2011

	2010	2011
July	1,994,196	1,349,885
August	975,743	880,823
September	971,858	852,049
October	2,465,768	922,997
November	973,277	887,445
December	716,438	685,456
January	740,516	2,082,424
February	639,778	484,203
March	586,289	666,047
April	1,111,714	822,054
May	1,239,198	684,266
June	1,085,443	650,729
<b>TOTAL</b>	<b>13,500,218</b>	<b>10,968,378</b>

% change prior year 27.1% -18.8%

<b>Aviation Fuel Tax Gross Revenue - FY 2011</b>		
July	\$	94,492
August		61,658
September		59,643
October		64,610
November		62,121
December		47,982
January		42,692
February		33,894
March		46,623
April		57,544
May		47,899
June		45,551
<b>TOTAL:</b>	<b>\$</b>	<b>664,709</b>

% change prior year -29.7%

## Motor Fuel Tax Gross Revenue

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### Gasoline Dealers

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Jul-10	\$	51,271,146
Aug-10		58,430,373
Sep-10		53,353,514
Oct-10		51,461,388
Nov-10		57,381,576
Dec-10		51,615,440
Jan-11		51,681,119
Feb-11		47,248,858
Mar-11		50,890,720
Apr-11		53,295,623
May-11		51,843,694
Jun-11		47,554,144

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**TOTAL:** \$ **626,027,595**

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% change prior year 0.5%

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### Special Fuel Sellers and Users

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Jul-10	\$	10,548,647
Aug-10		10,178,469
Sep-10		9,913,129
Oct-10		10,180,267
Nov-10		9,909,382
Dec-10		8,997,997
Jan-11		9,352,442
Feb-11		6,793,399
Mar-11		10,040,410
Apr-11		11,013,436
May-11		9,104,826
Jun-11		8,179,211

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**TOTAL:** \$ **114,211,615**

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% change prior year -0.5%

## Other Gross Revenue

<b>Motor Carrier Temporary Permit Fees</b>		
Jul-10	\$	21,000
Aug-10		12,600
Sep-10		8,400
Oct-10		21,000
Nov-10		8,400
Dec-10		-
Jan-11		21,000
Feb-11		8,400
Mar-11		29,400
Apr-11		21,000
May-11		8,400
Jun-11		21,000
<b>TOTAL:</b>	<b>\$</b>	<b>180,600</b>
% change prior year		53.6%

<b>Motor Fuel Tax - Penalties and Interest</b>			
	<u>Penalty</u>	<u>Interest</u>	
Jul-10	\$ 2,991	\$ 4,828	
Aug-10	1,742	780	
Sep-10	9,610	2,310	
Oct-10	7,043	6,370	
Nov-10	27,761	47,873	
Dec-10	4,501	8,936	
Jan-11	921	7,044	
Feb-11	1,547	348	
Mar-11	3,185	15,435	
Apr-11	20,200	2,986	
May-11	13,357	6,042	
Jun-11	10,757	53,697	
<b>TOTAL:</b>	<b>\$ 103,615</b>	<b>\$ 156,649</b>	
% change prior year	-60.5%	-37.8%	



## "IFTA" Motor Carrier Tax Gross Revenue

	Maryland-Based Motor Carriers	Motor Carriers Based - Other Jurisdictions	Tax Assessments
Jul-10	\$ 193,295	\$ 78,315	\$ 19,692
Aug-10	424,111	610,390	14,583
Sep-10	73,257	120,848	20,579
Oct-10	193,767	6,560	12,902
Nov-10	499,387	336,801	16,826
Dec-10	35,797	101,618	19,885
Jan-11	230,672	17,436	33,743
Feb-11	419,976	178,754	31,945
Mar-11	48,312	19,956	37,173
Apr-11	174,944	20,175	21,735
May-11	501,596	49,245	22,630
Jun-11	21,514	479,849	24,048
<b>TOTAL:</b>	<b>\$ 2,816,628</b>	<b>\$ 2,019,947</b>	<b>\$ 275,741</b>

% change prior year	7.4%	-59.0%	29.4%
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**MOTOR FUEL TAX AND MOTOR CARRIER TAX "IFTA"  
GROSS REVENUE SUMMARY - FY 2011**

Motor Fuel Tax Revenue:		
Gasoline Dealers	\$ 626,027,595	
Special Fuel Sellers and Users	114,211,615	
<b>Total Motor Fuel Revenue:</b>		<b>\$ 740,239,210</b>
<b>Aviation Fuel Revenue</b>		<b>664,709</b>
<b>Motor Carrier Temporary Permit Revenue</b>		<b>180,600</b>
IFTA Revenue:		
Maryland-Based	\$ 2,816,628	
Based-Other Jurisdictions	2,019,947	
Tax Assessments	275,741	
<b>Total IFTA Revenue</b>		<b>5,112,316</b>
<b>Miscellaneous Revenue: Penalties and Interest</b>		<b>260,264</b>
<b>Total Gross Revenue</b>		<b>\$ 746,457,099</b>

Total Gross  
Revenue - %  
change prior year                      -.05%

## Adjustments to Gross Revenue

Motor Fuel Tax Refunds		
Jul-10	\$	587,600
Aug-10		1,894,468
Sep-10		1,277,861
Oct-10		754,493
Nov-10		1,616,633
Dec-10		1,375,702
Jan-11		887,955
Feb-11		602,669
Mar-11		3,487,089
Apr-11		402,014
May-11		795,264
Jun-11		1,198,526
<b>TOTAL:</b>	<b>\$</b>	<b>14,880,274</b>
% change prior year		-11.4%

IFTA Tax Refunds to Other Jurisdictions		
Jul-10	\$	297,198
Aug-10		429
Sep-10		299,624
Oct-10		10,586
Nov-10		81,134
Dec-10		291,584
Jan-11		161,811
Feb-11		802
Mar-11		154,009
Apr-11		567,683
May-11		800
Jun-11		429,994
<b>TOTAL:</b>	<b>\$</b>	<b>2,295,654</b>
% change prior year		-40.0%

Administration Expenses		
Jul-10		-
Aug-10		-
Sep-10		2,000,000
Oct-10		5,600,000
Nov-10		-
Dec-10		-
Jan-11		-
Feb-11		-
Mar-11		-
Apr-11		-
May-11		-
Jun-11		(519,309)
<b>TOTAL:</b>	<b>\$</b>	<b>7,080,691</b>
% change prior year		-21.8%

**MOTOR FUEL TAX AND MOTOR CARRIER TAX "IFTA" REVENUE AND DISTRIBUTION**

	<i>Gross Motor Fuel Tax Revenue</i>	<i>Motor Fuel Tax Refunds</i>	<i>"IFTA" Tax Distribution to Other Jurisdictions</i>	<i>"IFTA" Tax Revenue and Motor Carrier Permit Fees to TTF</i>	<i>Administrative Expenses</i>	<i>Net Aviation Fuel Tax Revenue to TTF</i>	<i>Distribution to Transportation Trust Fund - Tax Increase Factor to TTF</i>	<i>Net Revenue Available for Distribution</i>
Jul-10	\$ 62,234,406	\$ 587,600	\$ 297,198	\$ 312,303	-	\$ 94,492	\$ 13,151,032	\$ 47,791,781
Aug-10	69,734,705	1,894,468	429	1,061,684	-	61,658	14,396,946	52,319,520
Sep-10	63,561,291	1,277,861	299,624	223,084	2,000,000	59,643	12,883,075	46,818,004
Oct-10	61,953,907	754,493	10,586	234,229	5,600,000	64,610	11,931,193	43,358,796
Nov-10	68,290,128	1,616,633	81,134	861,414	-	62,117	14,170,874	51,497,956
Dec-10	60,832,157	1,375,702	291,584	157,300	-	45,914	12,723,513	46,238,145
Jan-11	61,387,070	887,955	161,811	302,851	-	42,692	12,945,802	47,045,959
Feb-11	54,717,121	602,669	802	639,075	-	33,894	11,532,125	41,908,556
Mar-11	61,131,214	3,487,089	154,009	134,841	-	46,623	12,366,806	44,941,846
Apr-11	64,627,643	402,014	567,683	237,854	-	57,544	13,673,194	49,689,353
May-11	61,597,688	795,264	800	581,871	-	47,899	12,984,665	47,187,189
Jun-11	56,389,769	1,198,526	429,994	546,410	(519,309)	45,551	11,801,416	42,887,181
<b>TOTAL:</b>	<b>\$746,457,099</b>	<b>\$ 14,880,274</b>	<b>\$ 2,295,654</b>	<b>\$5,292,916</b>	<b>\$ 7,080,691</b>	<b>\$ 662,637</b>	<b>\$ 154,560,641</b>	<b>\$ 561,684,286</b>

**Note:** "TTF" means the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund

**Revenue and Distribution Summary**

<b>Gross Revenue:</b>	<b>\$746,457,099</b>	
less		
<b>Deductions:</b>		<b>Statutory Authority</b>
Motor Fuel Tax Refunds	\$14,880,274	Tax-General Article, § 2-1101
IFTA Tax Refund-Other Jurisdictions	2,295,654	Tax-General Article, § 9-205, IFTA Agreement
Administrative Expenses	7,080,691	Tax-General Article, § 2-1102
"IFTA" Tax and Motor Carrier Fees	5,292,916	To TTF: Tax-General Article, § 2-1001
Aviation Fuel Tax	662,637	To TTF: Tax-General Article, § 2-1103(1)
Motor Fuel Tax - Tax Increase Factor	154,560,641	To TTF: Tax-General Article, § 2-1103(2)
<b>Total Deductions:</b>	<b>\$184,772,813</b>	
<b>Net Motor Fuel Tax Revenue:</b>	<b>\$561,684,286</b>	

## Net Motor Fuel Tax Revenue and Distribution

Distribution pursuant to Tax-General Article, § 2-1104:	General Fund - \$5,000,000 distribution from 2.3%	Chesapeake Bay 2010 Trust Fund (balance of 2.3%)	Transportation Trust Fund (balance all remaining motor fuel tax revenue)
Jul-10	\$ 235,505	\$ -	\$ 47,556,276
Aug-10	1,203,349	-	51,116,171
Sep-10	1,076,814	-	45,741,190
Oct-10	997,252	-	42,361,544
Nov-10	1,184,453	-	50,313,503
Dec-10	302,627	760,851	45,174,667
Jan-11	-	1,082,057	45,963,902
Feb-11	-	963,897	40,944,659
Mar-11	-	1,033,663	43,908,183
Apr-11	-	1,142,855	48,546,498
May-11	-	1,085,305	46,101,884
Jun-11	-	986,405	41,900,776
<b>TOTAL:</b>	<b>\$ 5,000,000</b>	<b>\$ 7,055,033</b>	<b>\$ 549,629,253</b>

### Total Distributions - Gasoline and Motor Vehicle Revenue Account - Transportation Trust Fund:

IFTA Taxes: Maryland-Based Motor Carriers	\$ 2,816,628
IFTA Taxes: Other Jurisdictions	2,019,947
IFTA Tax Assessments	275,741
Motor Carrier Temporary Permit Fees	180,600
Aviation Fuel Tax Revenue	662,637
Tax Increase Distribution	154,560,641
Balance Net Motor Fuel Tax Revenue	549,629,253
<b>TOTAL:</b>	<b>\$ 710,145,447</b>

### Notes:

(1) Tax-General Article, § 2-1001 requires that all motor carrier tax revenue and fees collected under Title 9 be distributed to the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund.

(2) Tax-General Article, § 2-1103(1) requires that all aviation fuel tax revenue be distributed to the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund.

(3) Tax-General Article, § 2-1104(b) requires that for each fiscal year beginning on or before July 1, 2015, \$5,000,000 of 2.3% of the motor fuel tax revenue be distributed to the General Fund, and that the remainder of the 2.3% be distributed to the Chesapeake Bay 2010 Trust Fund. Tax-General Article, § 2-1104(a)(2) requires that all remaining motor fuel tax revenue, after payment of refunds for motor fuel tax and motor carrier tax, administration expenses, and a certain percentage distribution of motor fuel tax revenue to the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund pursuant to Tax-General Article, § 2-1103(2), be distributed to the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund. (Tax factor is 0.215793)

## Historical Gallonage Summary

*Gasoline Dealers and Special Fuel Sellers and Users*

Fiscal Year	Gasoline	Special Fuel	Taxable	Federal Tax Exempt	Total Sales
2002	2,560,667,615	445,199,558	3,005,867,173	2,176,384	3,008,043,557
2003	2,552,362,325	444,655,677	2,997,018,002	2,284,887	2,999,302,889
2004	2,690,443,918	463,861,908	3,154,305,826	2,287,632	3,156,593,458
2005	2,706,755,055	489,832,453	3,196,587,508	2,156,213	3,198,743,721
2006	2,687,845,483	509,407,062	3,197,252,545	2,141,616	3,199,394,161
2007	2,726,794,461	509,104,496	3,235,898,957	2,014,620	3,237,913,577
2008	2,721,145,766	509,725,987	3,230,871,753	1,905,418	3,232,777,171
2009	2,683,201,587	471,350,794	3,154,552,381	1,618,485	3,156,170,866
2010	2,649,962,586	473,125,049	3,123,087,635	1,734,158	3,124,821,793
2011	2,663,947,214	470,975,730	3,134,922,944	2,473,163	3,137,396,107

## Historical Net Tax Revenue Summary

*(Dollars in thousands)*

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY2008	FY 2009	FY 2010	FY 2011	% Change Prior Year
<b>Gasoline Dealer Tax</b>	\$ 597,170	\$ 605,853	\$ 632,349	\$ 634,127	\$ 635,468	\$ 636,353	\$ 638,293	\$ 634,729	\$ 622,741	\$ 626,028	0.5%
<b>Special Fuel Seller Tax</b>	107,029	107,553	113,199	115,073	127,257	123,142	123,219	110,938	114,733	114,212	-0.5%
<b>Aviation Fuel Sellers Tax</b>	1,145	1,083	1,391	894	995	1,950	1,470	744	945	665	-29.6%
<b>Motor Carrier Temporary Permits</b>	109	92	105	118	135	122	147	147	118	181	53.4%
<b>Other Revenue</b>	551	379	708	255	338	356	278	206	514	260	-49.4%
<b>Motor Fuel Tax Refunds</b>	(11,940)	(8,565)	(12,206)	(8,200)	(17,282)	(14,408)	(15,512)	(14,979)	(16,794)	(14,880)	-11.4%
<b>Net Revenue Subtotal:</b>	<b>\$ 694,064</b>	<b>\$ 706,395</b>	<b>\$ 735,546</b>	<b>\$ 742,267</b>	<b>\$ 746,911</b>	<b>\$ 747,515</b>	<b>\$ 747,895</b>	<b>\$ 731,785</b>	<b>\$ 722,257</b>	<b>\$ 726,466</b>	<b>0.6%</b>
<b>IFTA Tax Revenue</b>	14,814	14,485	15,816	16,281	17,206	14,452	14,177	11,239	7,756	5,112	-34.1%
<b>IFTA Tax Refunds - Other Jurisdictions</b>	(5,344)	(4,796)	(5,206)	(5,677)	(6,158)	(6,235)	(6,896)	(6,918)	(3,824)	(2,296)	-40.0%
<b>Net Tax Revenue</b>	<b>\$ 703,534</b>	<b>\$ 716,084</b>	<b>\$ 746,156</b>	<b>\$ 752,871</b>	<b>\$ 757,959</b>	<b>\$ 755,732</b>	<b>\$ 755,176</b>	<b>\$ 736,106</b>	<b>\$ 726,189</b>	<b>\$ 729,282</b>	<b>0.4%</b>

## Historical Distribution Summary

(Dollars in thousands)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Administrative Expenses	\$ 6,627	\$ 7,135	\$ 6,797	\$ 6,204	\$ 7,335	\$ 7,774	\$ 7,615	\$ 7,905	\$ 9,054	\$ 7,081
Waterways Improvement Fund (.3%)	1,602	1,631	1,699	1,716	1,722	1,721	1,722	0	0	0
Fisheries Research and Development Fund (.3%)	1,602	1,631	1,699	1,716	1,722	1,721	1,722	0	0	0
General Fund - Chesapeake Bay Programs (2.3%)	12,280	12,505	13,026	13,159	13,207	13,197	13,199	0	0	0
General Fund								6,500	8,386	5,000
Chesapeake Bay 2010 Trust Fund (Remaining 2.3%)								6,416	4,409	7,055
<b>Gasoline &amp; Motor Vehicle Revenue Account:</b>										
Transportation Trust Fund	680,286	692,118	721,676	729,379	732,905	729,621	729,470	714,547	703,394	709,482
Transportation Trust Fund (Aviation)	1,137	1,064	1,259	696	1,067	1,698	1,448	737	945	663
<b>TOTAL:</b>	<b>\$ 703,534</b>	<b>\$ 716,084</b>	<b>\$ 746,156</b>	<b>\$ 752,870</b>	<b>\$ 757,958</b>	<b>\$ 755,732</b>	<b>\$ 755,176</b>	<b>\$ 736,105</b>	<b>\$ 726,188</b>	<b>\$ 729,282</b>
Counties, Baltimore City, and Municipalities (30%)	\$ 204,086	\$ 207,635	\$ 216,503	\$ 218,814	\$ 219,872	\$ 218,886	\$ 218,841	\$ 214,364	\$ 73,856	\$ 60,306
Department of Transportation (70%)	476,200	484,483	505,173	510,565	513,033	510,735	510,629	500,183	492,376	485,995
General Fund									137,162	163,181

**Notes:**

- (1) Gasoline and motor vehicle revenues are distributed to the Department of Transportation and local governments pursuant to §§ 8-402 and 8-403 of the Transportation Article, Annotated Code of MD.
- (2) Chapter 484 (Senate Bill 141) - Budget Reconciliation and Financing Act of 2010 amended the allocation provision of § 8-402(c) of the Transportation Article as follows for FY 2010:
  - (i) 19.5% to General Fund; (ii) 70% to Department of Transportation; and (iii) balance, or 10.5%, to counties, municipalities, and Baltimore City.
- (3) Chapter 397 (House Bill 72) - Budget Reconciliation and Financing Act of 2011 amended the allocation provision of § 8-402(c) of the Transportation Article as follows for FY2011:
  - (i) 23% to General Fund; (ii) 68.5% to Department of Transportation; and (iii) balance, or 8.5% to counties, municipalities, and Baltimore City.



## Historical Motor Fuel Tax Rates

Dates				Gasoline Tax Rate Per Gallon	Special Fuel Tax Rate Per Gallon
January, 1922	to		December, 1923	0.01	0
January, 1924	to		March, 1927	0.02	0
April, 1927	to		June, 1947	0.04	0
July, 1947	to		May, 1953	0.05	0
June, 1953	to		June, 1964	0.06	0
June, 1964	to		June, 1972	0.06	0.07
July, 1972	to		May, 1982	0.09	0.09
June, 1982	to		May, 1983	0.11	0.11
June, 1983	to		May, 1987	0.135	0.135
June, 1987	to		April, 1992	0.185	0.185
May, 1992	to		December, 1992	0.235	0.1925
January, 1993	to		June, 1993	0.235	0.235
July, 1993	to		Current	0.235	0.2425

## History of Motor Fuel Tax and Motor Carrier Tax

1922	0.01	Motor Fuel Tax was created		
01/01/24	0.02	Tax rate increased to 2 cents per gallon		
04/01/27	0.04	Tax rate increased to 4 cents per gallon		
07/01/47	0.05	Tax rate increased to 5 cents per gallon		
06/01/53	0.06	Tax rate increased to 6 cents per gallon		
1953-1957		Motor Carrier Law enacted		
7/1/1964	0.07	Tax rate increased to 7 cents per gallon		
1964-1969		Motor Fuel Inspection Law enacted providing for the inspection and testing of motor fuel products		
7/1/1972	0.09	Tax rate increased to 9 cents per gallon		
1972 - 1978		United States Supreme Court in <i>Exxon, Corp. v. Governor of Maryland</i> , 437 U.S. 117 (1978) upheld Maryland's divestiture law prohibiting producers or refiners from owning and operating retail service stations.		
06/01/82	0.11	Tax rate increased to 11 cents per gallon. Motor carrier decal fee raised to \$25 per vehicle		
06/01/83	0.135	Tax rate increased to 13.5 cents per gallon		
07/01/85		All sellers of special fuel must be licensed and all special fuel sales are subject to taxation except under specific circumstances. Decal fee for motor buses reduced from \$25 to \$10		
06/01/87	0.185	Tax rate increased to 18.5 cents per gallon		
06/01/88		Motor carrier decal registration fee reduced to \$7		
	<b>Gasoline Tax</b>	<b>Aviation Fuel</b>	<b>Special Fuel</b>	The 1992 Special Session of the Maryland General Assembly approved increases in all motor fuel tax rates. This legislation:
Prior to 05/01/92	0.185	0.05	0.185	
05/01/92	0.235	0.07	0.1925	increased the gasoline tax rate to 23.5 cents per gallon, the special fuel
01/01/93			0.2175	increased the special fuel tax rate to 21.75 cents per gallon
07/01/93			0.2425	increased the special fuel tax rate to 24.25 cents per gallon imposed a .75 cent per gallon motor carrier surcharge on gasoline and clean-burning fuel powered vehicles.
07/01/94		Eliminated the .75 cent per gallon motor carrier surcharge on gasoline and clean-burning fuel powered vehicles		
1996		Maryland enters the International Fuel Tax Agreement (IFTA)		
10/01/00		Requirement to extend temporary voluntary allowances uniformly - effective 9/30/2004		
01/01/01	Motor carrier decal registration fee eliminated			
10/01/01	Sale of motor fuel below cost became illegal			
07/01/02	Cost of collection allowance reduced by 1/2			
10/01/02	Highway vehicles using dyed diesel fuel became illegal			
10/01/04	Requirement to extend temporary voluntary allowances uniformly - effective 9/30/2009			
10/01/09	Requirement to extend temporary voluntary allowances uniformly - repealed			