



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

Fiscal Year 2012



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 and the International Fuel Tax Agreement (IFTA) for Fiscal Year 2012.

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

If you need further information, please contact the Revenue Administration Division at (410) 260-7980 and we will be happy to help you.

Sincerely,

A handwritten signature in cursive script that reads 'Peter Franchot'.

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 tax 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 2012: July 1, 2011 through June 30, 2012.

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 2012 was \$ 749,396,303. Compared to fiscal year 2011, fiscal year 2012 tax revenues indicate the following changes: 0.7% increase in gasoline taxes; a 0.9% decrease in special fuel taxes; a .7 % increase in aviation fuel taxes; and a 11 % increase in motor carrier taxes for Maryland-based commercial vehicles; a 40 % decrease in motor carrier

taxes collected for commercial vehicles based in other jurisdictions, and a 23.3% increase in motor carrier temporary permit fees. There was an overall decrease of 1.4 % in gross motor fuel tax and motor carrier tax revenues.

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

2012 Legislative Session

Senate Bill 1301 (Chapter 1, First Special Session of 2012) Budget Reconciliation and Financing Act of 2012

This bill provides that for each fiscal year beginning on or before July 1, 2015, after making the distributions required under Tax-General Article §§ 2-1101 through 2-1103, the Comptroller shall distribute 2.3% of the remaining motor fuel tax revenue as follows: (1) to the General Fund of the State: \$5,000,000 for each fiscal year beginning on or before July 1, 2011; \$5,000,000 for each of the fiscal years beginning July 1, 2012, July 1, 2013, and July 1, 2014; and \$4,624,687 for the fiscal year beginning July 1, 2015; (2) \$8,000,000 to the Budget Restoration Fund for the fiscal year beginning July 1, 2012; and (3) the balance to the Chesapeake Bay 2010 Trust Fund.

EFFECTIVE JUNE 1, 2012.

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 turbine-powered 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 1st 10 cents of the motor fuel tax on each gallon of motor fuel, if the dealer or seller is not taking an allowance for evaporation, shrinkage, and handling. 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.

MOTOR FUEL TAX & MOTOR CARRIER TAX REGULATION

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	257
(2)	Special Fuel Seller Licenses	453
(3)	Special Fuel User Licenses	145
(4)	Special Fuel Tax Exemption Certificates	1,188
(5)	Aviation Gasoline or Turbine Fuel Licenses	74
(6)	Motor Fuel Inspection Registrations	3,445
(7)	Petroleum Transporter Registrations	802
(8)	IFTA Licenses	4,576
(9)	IFTA Decals	41,244

Maryland Fuel Tax Rates

Type of Motor Fuel	Rate as of July 1, 2011	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 aircrafts
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

Audits and Tax Administration

Field Audits:

	<u>MOTOR FUEL</u>	<u>IFTA</u>
Completed audits	75	157
Assessments:		
Tax	\$2,631,580	\$151,827
Penalty	263,157	40,119
Interest	1,152,965	55,572
Total Tax Assessments:	<u>\$4,047,702</u>	<u>\$247,518</u>

Internal Audits:

Crosscheck: Dealers, Special Fuel Sellers, and Users	5,926	
<i>Tax Returns Processed:</i>	11,773	1,809

Taxable Gallonage Sales

Gasoline Dealers and Special Fuel Sellers and Users

Reporting Period	Gasoline Dealers	Special Fuel Sellers & Users	Total Taxable Gallons Sold
Jul-11	223,189,264	36,063,328	259,252,592
Aug-11	222,668,761	43,359,185	266,027,946
Sep-11	212,383,979	38,979,832	251,363,811
Oct-11	196,614,550	39,820,544	236,435,094
Nov-11	268,175,986	39,612,322	307,788,308
Dec-11	222,088,041	32,738,273	254,826,314
Jan-12	232,319,278	41,564,589	273,883,867
Feb-12	203,666,283	36,412,460	240,078,743
Mar-12	228,773,896	38,995,080	267,768,976
Apr-12	215,225,848	38,634,398	253,860,246
May-12	223,136,283	40,057,407	263,193,690
Jun-12	234,121,346	40,674,826	274,796,172
TOTAL:	2,682,363,515	466,912,244	3,149,275,759

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 (1)			Federal Exempt Gallonage	Cost of Collection Allowances (2)		
	Gasoline Dealer	Special Fuel Seller and User	TOTAL	TOTAL	Gasoline Dealer	Special Fuel Seller	TOTAL
Jul-11	363,289	1,669,380	2,032,669	177,935	117,109	\$ 22,746	\$ 139,855
Aug-11	505,431	529,430	1,034,861	185,100	94,955	22,286	117,241
Sep-11	11,868	1,387,549	1,399,417	140,329	105,655	39,772	145,427
Oct-11	3,387	1,515,322	1,518,709	146,067	97,508	26,031	123,539
Nov-11	141,461	1,768,347	1,909,808	116,129	133,871	37,046	170,917
Dec-11	262,859	988,386	1,251,245	110,329	110,756	19,141	129,897
Jan-12	299,191	1,405,625	1,704,816	169,364	114,166	22,557	136,723
Feb-12	650,303	1,213,488	1,863,791	124,277	98,017	25,886	123,903
Mar-12	460,655	1,066,551	1,527,206	148,197	114,756	24,399	139,155
Apr-12	84,496	283,170	367,666	116,606	107,796	23,885	131,681
May-12	13,337	84,584	97,921	183,228	103,538	23,244	126,782
Jun-12	16,022	130,880	146,902	141,059	125,106	32,927	158,033
TOTAL	2,812,299	12,042,712	14,855,011	1,758,620	\$ 1,323,233	\$ 319,920	\$ 1,643,153

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

	Gallons
Gross Gallons Reported	3,172,839,426
<i>Less Adjustments:</i>	
Temperature & Stock Adjustments	14,855,011
Federal Exempt Purchases	1,758,620
Cost of Collection Allowance	6,950,036
<i>Total Adjustments</i>	<i>23,563,667</i>
Taxable Gallons:	3,149,275,759
Gasoline Dealers	2,682,363,515
Special Fuel Sellers and Users	466,912,244
Taxable Gallons:	3,149,275,759
Aviation Fuel Sellers - Taxable Gallons	9,565,863

Taxable Gallonage - FY 2011 and FY 2012

Gasoline Dealers and Special Fuel Sellers or Users

	2011	2012	
Gasoline Dealers	July	218,175,092	223,189,264
	August	248,639,887	222,668,761
	September	227,036,229	212,383,979
	October	218,984,629	196,614,550
	November	244,176,919	268,175,986
	December	219,640,170	222,088,041
	January	219,919,656	232,319,278
	February	201,058,968	203,666,283
	March	216,556,258	228,773,896
	April	226,789,885	215,225,848
	May	220,611,463	223,136,283
	June	202,358,058	234,121,346
	TOTAL	2,663,947,214	2,682,363,515

% change prior year 0.5% 0.7%

	2011	2012	
Special Fuel Sellers and Users	July	43,499,581	36,063,328
	August	41,973,066	43,359,185
	September	40,878,884	38,979,832
	October	41,980,481	39,820,544
	November	40,863,433	39,612,322
	December	37,105,140	32,738,273
	January	38,566,772	41,564,589
	February	28,014,015	36,412,460
	March	41,403,748	38,995,080
	April	45,416,230	38,634,398
	May	37,545,675	40,057,407
	June	33,728,705	40,674,826
	TOTAL	470,975,730	466,912,244

% change prior year -0.5% -0.9%

	2011	2012	
Combined Taxable Gallons Sold	July	261,674,673	259,252,592
	August	290,612,953	266,027,946
	September	267,915,113	251,363,811
	October	260,965,110	236,435,094
	November	285,040,352	307,788,308
	December	256,745,310	254,826,314
	January	258,486,428	273,883,867
	February	229,072,983	240,078,743
	March	257,960,006	267,768,976
	April	272,206,115	253,860,246
	May	258,157,138	263,193,690
	June	236,086,763	274,796,172
	TOTAL	3,134,922,944	3,149,275,759

% change prior year 0.4% 0.5%

AVIATION FUEL

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

Aviation Fuel Sales (Gallons) **9,565,863**

Taxable Gallonage: FY 2011 and FY 2012

	2011	2012
July	1,349,885	711,889
August	880,823	638,192
September	852,049	1,200,509
October	922,997	660,080
November	887,445	824,115
December	685,456	596,265
January	2,082,424	510,262
February	484,203	568,037
March	666,047	924,959
April	822,054	853,990
May	684,266	989,553
June	650,729	1,088,012
TOTAL	10,968,378	9,565,863

% change prior year -18.8% -12.8%

Aviation Fuel Tax Gross Revenue - FY 2012		
July	\$	49,832
August		44,673
September		84,036
October		46,206
November		57,688
December		41,739
January		35,718
February		39,763
March		64,747
April		59,779
May		69,269
June		76,161
TOTAL:	\$	669,611

% change prior year 0.7%

Motor Fuel Tax Gross Revenue

Gasoline Dealers

Jul-11	52,449,477
Aug-11	52,327,159
Sep-11	49,910,235
Oct-11	46,204,419
Nov-11	63,021,357
Dec-11	52,190,690
Jan-12	54,595,031
Feb-12	47,861,577
Mar-12	53,755,475
Apr-12	50,578,074
May-12	52,437,027
Jun-12	55,018,516

TOTAL:	\$	630,349,036
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% change prior year	0.7%
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Special Fuel Sellers and Users

Jul-11	\$	8,745,359
Aug-11		10,514,604
Sep-11		9,452,609
Oct-11		9,656,483
Nov-11		9,605,988
Dec-11		7,939,031
Jan-12		10,079,415
Feb-12		8,830,022
Mar-12		9,455,682
Apr-12		9,368,842
May-12		9,713,921
Jun-12		9,863,645

TOTAL:	\$	113,225,601
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% change prior year	-0.9%
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Other Gross Revenue

Motor Carrier Temporary Permit Fees		
Jul-11	\$	12,600
Aug-11		12,600
Sep-11		8,400
Oct-11		12,600
Nov-11		16,800
Dec-11		12,600
Jan-12		-
Feb-12		29,400
Mar-12		-
Apr-12		12,600
May-12		21,000
Jun-12		8,400
TOTAL:	\$	147,000
% change prior year		-18.6%

Motor Fuel Tax - Penalties and Interest				
		<u>Penalty</u>		<u>Interest</u>
Jul-11	\$	2,401	\$	6,607
Aug-11		(2,710)		520
Sep-11		3,132		3,837
Oct-11		4,843		1,825
Nov-11		4,874		7,270
Dec-11		13,916		2,525
Jan-12		3,860		3,523
Feb-12		53,216		13,268
Mar-12		32,807		5,108
Apr-12		10,128		33,404
May-12		59,620		4,563
Jun-12		4,003		3,390
TOTAL:	\$	190,089	\$	85,840
% change prior year		83.5%		-45.2%

"IFTA" Motor Carrier Tax Gross Revenue

	Maryland-Based Motor Carriers	Motor Carriers Based - Other Jurisdictions	Tax Assessments
Jul-11	\$ 528,587	\$ 371,382	\$ 19,959
Aug-11	20,880	32,813	38,058
Sep-11	210,280	4,902	18,059
Oct-11	516,699	27,410	18,552
Nov-11	21,691	79,493	74,930
Dec-11	357,931	16,917	48,699
Jan-12	397,005	75,269	37,519
Feb-12	28,961	34,855	36,596
Mar-12	161,735	365,099	32,689
Apr-12	565,174	104,062	26,639
May-12	24,482	74,245	26,708
Jun-12	297,248	19,575	14,021
TOTAL:	\$ 3,130,673	\$ 1,206,022	\$ 392,429

% change prior year	11.1%	-40.3%	42.3%
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**MOTOR FUEL TAX AND MOTOR CARRIER TAX "IFTA"
GROSS REVENUE SUMMARY - FY 2012**

Motor Fuel Tax Revenue:		
Gasoline Dealers	\$ 630,349,036	
Special Fuel Sellers and Users	113,225,601	
Total Motor Fuel Revenue:		\$ 743,574,637
Aviation Fuel Revenue		669,611
Motor Carrier Temporary Permit Revenue		147,000
IFTA Revenue:		
Maryland-Based	\$ 3,130,673	
Based-Other Jurisdictions	1,206,022	
Tax Assessments	392,429	
Total IFTA Revenue		4,729,124
Miscellaneous Revenue: Penalties and Interest		275,930
Total Gross Revenue		\$ 749,396,303

Total Gross
Revenue - %
change prior year .04%

Adjustments to Gross Revenue

Motor Fuel Tax Refunds		
Jul-11	\$	1,485,781
Aug-11		1,096,175
Sep-11		840,889
Oct-11		1,610,710
Nov-11		1,367,017
Dec-11		986,254
Jan-12		2,267,928
Feb-12		761,836
Mar-12		1,050,158
Apr-12		1,186,858
May-12		1,046,825
Jun-12		556,856
TOTAL:	\$	14,257,287
% change prior year		-4.2%

IFTA Tax Refunds to Other Jurisdictions		
Jul-11	\$	439
Aug-11		672,148
Sep-11		151,881
Oct-11		186,427
Nov-11		26,105
Dec-11		95,157
Jan-12		276,872
Feb-12		1,229
Mar-12		102,318
Apr-12		2,675
May-12		57,274
Jun-12		3,814
TOTAL:	\$	1,576,339
% change prior year		-31.3%

Administration Expenses		
Jul-10		-
Aug-10		2,000,000
Sep-10		2,000,000
Oct-10		2,000,000
Nov-10		1,000,000
Dec-10		600,000
Jan-11		-
Feb-11		-
Mar-11		-
Apr-11		-
May-11		1,084,926
Jun-11		172,056
TOTAL:	\$	8,856,982
% change prior year		25.1%

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-11	\$ 62,186,204	\$ 1,485,781	\$ 439	\$ 932,528	\$ 2,000,000	\$ 49,832	\$ 12,455,059	\$ 45,262,565
Aug-11	62,988,597	1,096,175	672,148	104,351	2,000,000	44,673	12,747,162	46,324,088
Sep-11	59,695,490	840,889	151,881	241,641	2,000,000	84,036	12,165,771	44,211,272
Oct-11	56,489,036	1,610,710	186,427	575,261	1,000,000	46,206	11,452,228	41,618,204
Nov-11	72,890,091	1,367,017	26,105	192,914	600,000	57,688	15,244,991	55,401,376
Dec-11	60,624,047	986,254	95,157	436,147	-	41,739	12,745,760	46,318,990
Jan-12	65,227,340	2,267,928	276,872	509,793	-	35,718	13,408,736	48,728,293
Feb-12	56,927,656	761,836	1,229	129,812	-	39,763	12,083,333	43,911,683
Mar-12	63,873,343	1,050,158	102,318	559,524	-	64,747	13,400,011	48,696,585
Apr-12	60,758,702	1,186,858	2,675	708,475	-	59,779	12,688,826	46,112,089
May-12	62,430,835	1,046,825	57,274	146,435	1,084,926	69,269	12,953,214	47,072,892
Jun-12	65,304,959	556,856	3,814	339,244	172,056	76,161	13,844,595	50,312,233
TOTAL:	\$ 749,396,300	\$ 14,257,287	\$ 1,576,339	\$ 4,876,125	\$ 8,856,982	\$ 669,611	\$ 155,189,686	\$ 563,970,271

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

Revenue and Distribution Summary

Gross Revenue:	\$ 749,396,300	
less		
Deductions:		Statutory Authority
Motor Fuel Tax Refunds	\$ 14,257,287	Tax-General Article, § 2-1101
IFTA Tax Refund-Other Jurisdictions	1,576,339	Tax-General Article, § 9-205, IFTA Agreement
Administrative Expenses	8,856,982	Tax-General Article, § 2-1102
"IFTA" Tax and Motor Carrier Fees	4,876,125	To TTF: Tax-General Article, § 2-1001
Aviation Fuel Tax	669,611	To TTF: Tax-General Article, § 2-1103(1)
Motor Fuel Tax - Tax Increase Factor	155,189,686	To TTF: Tax-General Article, § 2-1103(2)
Total Deductions:	\$185,426,030	
Net Motor Fuel Tax Revenue:	\$563,970,271	

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-11	\$ -	\$ 1,041,039	\$ 44,221,525
Aug-11	-	1,065,454	45,258,634
Sep-11	-	1,016,859	43,194,413
Oct-11	-	-	40,660,953
Nov-11	957,251	-	54,127,143
Dec-11	1,274,231	-	45,253,654
Jan-12	1,065,337	-	47,607,542
Feb-12	1,120,751	427,539	42,901,716
Mar-12	582,430	1,120,021	47,576,564
Apr-12	-	1,060,578	45,051,511
May-12	-	1,082,677	45,990,217
Jun-12	-	1,157,181	49,155,053
TOTAL:	\$ 5,000,000	\$ 7,971,348	\$ 550,998,925

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

IFTA Taxes: Maryland-Based Motor Carriers	\$ 3,130,673
IFTA Taxes: Other Jurisdictions	1,206,022
IFTA Tax Assessments	392,429
Motor Carrier Temporary Permit Fees	147,000
Aviation Fuel Tax Revenue	669,611
Tax Increase Distribution	155,189,686
Balance Net Motor Fuel Tax Revenue	550,998,925
TOTAL:	\$ 711,734,346

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
2012	2,682,363,515	466,912,244	3,149,275,759	1,758,620	3,151,034,379

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	FY 2012	% Change Prior Year
Gasoline Dealer Tax	\$ 597,170	\$ 605,853	\$ 632,349	\$ 634,127	\$ 635,468	\$ 636,353	\$ 638,293	\$ 634,729	\$ 622,741	\$ 626,028	\$ 630,349	0.7%
Special Fuel Seller Tax	107,029	107,553	113,199	115,073	127,257	123,142	123,219	110,938	114,733	114,212	113,226	-0.9%
Aviation Fuel Sellers Tax	1,145	1,083	1,391	894	995	1,950	1,470	744	945	665	670	0.8%
Motor Carrier Temporary Permits	109	92	105	118	135	122	147	147	118	181	147	-18.8%
Other Revenue	551	379	708	255	338	356	278	206	514	260	276	6.2%
Motor Fuel Tax Refunds	(11,940)	(8,565)	(12,206)	(8,200)	(17,282)	(14,408)	(15,512)	(14,979)	(16,794)	(14,880)	(14,257)	-4.2%
Net Revenue Subtotal:	\$ 694,064	\$ 706,395	\$ 735,546	\$ 742,267	\$ 746,911	\$ 747,515	\$ 747,895	\$ 731,785	\$ 722,257	\$ 726,466	\$ 730,411	0.5%
IFTA Tax Revenue	14,814	14,485	15,816	16,281	17,206	14,452	14,177	11,239	7,756	5,112	4,729	-7.5%
IFTA Tax Refunds - Other Jurisdictions	(5,344)	(4,796)	(5,206)	(5,677)	(6,158)	(6,235)	(6,896)	(6,918)	(3,824)	(2,296)	(1,576)	-31.4%
Net Tax Revenue	\$ 703,534	\$ 716,084	\$ 746,156	\$ 752,871	\$ 757,959	\$ 755,732	\$ 755,176	\$ 736,106	\$ 726,189	\$ 729,282	\$ 733,564	0.6%

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	FY 2012
Administrative Expenses	\$ 6,627	\$ 7,135	\$ 6,797	\$ 6,204	\$ 7,335	\$ 7,774	\$ 7,615	\$ 7,905	\$ 9,054	\$ 7,081	8,857
Waterways Improvement Fund (.3%)	1,602	1,631	1,699	1,716	1,722	1,721	1,722	-	-	-	-
Fisheries Research and Development Fund (.3%)	1,602	1,631	1,699	1,716	1,722	1,721	1,722	-	-	-	-
General Fund - Chesapeake Bay Programs (2.3%)	12,280	12,505	13,026	13,159	13,207	13,197	13,199	-	-	-	-
General Fund								6,500	8,386	5,000	5,000
Chesapeake Bay 2010 Trust Fund (Remaining 2.3%)								6,416	4,409	7,055	7,971
Gasoline & Motor Vehicle Revenue Account:											
Transportation Trust Fund	680,286	692,118	721,676	729,379	732,905	729,621	729,470	714,547	703,394	709,482	711,065
Transportation Trust Fund (Aviation)	1,137	1,064	1,259	696	1,067	1,698	1,448	737	945	663	670
TOTAL:	\$ 703,534	\$ 716,084	\$ 746,156	\$ 752,870	\$ 757,958	\$ 755,732	\$ 755,176	\$ 736,105	\$ 726,188	\$ 729,282	733,563

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	60,411
Department of Transportation (70%)	476,200	484,483	505,173	510,565	513,033	510,735	510,629	500,183	492,376	485,995	487,080
General Fund									137,162	163,181	163,545

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		
	Gasoline Tax	Aviation Fuel	Special Fuel	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			