



COMPTROLLER
of MARYLAND
Serving the People

Motor Fuel Tax Annual Report

Fiscal Year 2016



Peter Franchot

Comptroller of Maryland



Peter Franchot
Comptroller

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 2016.

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 my staff in the Revenue Administration Division at 410-260-7980 and we will be happy to help you.

Sincerely,

A handwritten signature in black ink that reads 'Peter Franchot'. The signature is written in a cursive style with a large, stylized 'P' and 'F'.

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 2016: July 1, 2015 through June 30, 2016.

Taxes

The Maryland Motor Fuel Tax is imposed on each gallon of fuel. For fiscal year 2016, Motor Fuel tax rates were increased on July 1, 2015, January 1, 2016 and recently on July 1, 2016. For history of Motor Fuel Tax rates refer to pages 23 and 24 of this annual report.

In general, after paying refunds, administrative costs of the Comptroller, transfers to the General Fund and the Budget Restoration Fund, 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 2016 was \$1,085,163,932. Compared to fiscal year 2015, fiscal year 2016 tax revenues indicate the following changes 13.1% increase in gasoline taxes; a 13.6% increase in special fuel taxes; a 22.6 % decrease in aviation fuel taxes; and a 8.6% decrease in motor carrier taxes for Maryland-based commercial vehicles; a 32.4% increase in motor carrier taxes collected for commercial vehicles based in other jurisdictions, and a 7.7% decrease in motor carrier temporary permit fees. There was an overall increase of 12.9% in gross motor fuel tax and motor carrier tax revenues.

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

2016 Legislative Session:

Motor Fuel Taxes:

1. Senate Bill 520 – Transportation Taxes – Motor Fuel Taxes

- (1) This bill exempts motor fuel tax on motor fuel that is used in a school bus (1) owned and operated by a county board of education or (2) used to transport students by a school bus operator under contract with the county board of education.
- (2) This bill authorizes a refund of motor fuel tax paid for motor fuel purchased for the same reasons.

2013 Legislative Session

Motor Fuel Regulation and Taxes

STATEWIDE:

1. House Bill 669 – Business Regulation – Introduction of Additives into Gasoline Authorization

This bill authorizes the Comptroller to allow any person who holds a dealer license other than a Class A dealer license to introduce an additive into gasoline for resale or distribution if the person complies with specified current law and regulations, including regulations that specify the method for introducing an additive into gasoline and to provide for the payment of the motor fuel tax.

EFFECTIVE JUNE 1, 2013.

2. House Bill 1515 – Transportation Infrastructure Investment Act of 2013

- (1) This bill alters motor fuel taxes by indexing motor fuel tax rates, except for aviation and turbine fuel, to inflation beginning in fiscal year 2014
- (2) The bill imposes a 1% sales and use tax equivalent rate on all motor fuel except for aviation and turbine fuel beginning in fiscal year 2014, increasing to 2% beginning on January 1, 2015, and 3% beginning in fiscal 2016;
- (3) Unless federal legislation on sales tax collection is enacted by December 1, 2015, the sales and use

the start of business on the date that both the sales and use tax equivalent rate or excise tax rate is increased. Individuals are required to compile and file an inventory held at the close of business on the date preceding an increase and remit within thirty (30) days any additional tax that is due.

- (6) The bill increases the debt outstanding limit on Consolidated Transportation Bonds (CTBs) from \$2.6 billion to \$4.5 billion. This bill pledges motor fuel tax revenue to paying the principal of and interest on CTBs as they become payable.
- (7) The bill prohibits the transfer or diversion of funds from TTF to the general fund or a special fund unless the transfer or diversion is approved through legislation passed by a three-fifths majority of specified full standing committees in each of the two houses of the General Assembly and then enacted into law.
- (8) Beginning in fiscal year 2015 and every two years thereafter, the Maryland Transit Administration (MTA) must increase base fare prices and the cost of multiuse passes, to the nearest ten (10) cents, for all transit services except commuter rail and commuter bus service.
- (9) Moreover, this bill requires the Governor to include in the operating or capital budget specified appropriations to the State Highway Administration (SHA) for use in complying with WIP.

EFFECTIVE JUNE 1, 2013.

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).

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 30.3 cents for each gallon, or \$ 7.58. The motor carrier tax in the amount of \$ 7.58 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	254
(2) Special Fuel Seller Licenses	429
(3) Special Fuel User Licenses	99
(4) Special Fuel Tax Exemption Certificates	1,122
(5) Aviation Gasoline or Turbine Fuel Licenses	70
(6) Motor Fuel Inspection Registrations	9,358
(7) Petroleum Transporter Registrations	790
(8) IFTA Licenses	4,882
(9) IFTA Decals	39,467

Maryland Fuel Tax Rates

Type of Motor Fuel	Rate as of January 1, 2016	Description
Gasoline	\$.326 per gallon	Ethanol is designated as gasoline
Special Fuel	\$.3335 per gallon	Clear diesel, clear kerosene, and biodiesel
Aviation Gasoline and Turbine Fuel	\$.07 per gallon	Used to power aircraft
Dyed Kerosene, dyed diesel, fuel oil	Tax Free	Dyed fuel is for non-highway use and home heating. Use on public highway prohibited.
Propane, Compressed Natural Gas (CNG), Liquefied Natural Gas (LNG), liquefied petroleum gas (LPG), hydrogen	\$.326 per gasoline-equivalent gallon	Clean-burning fuels

Audits and Tax Administration

Field Audits:

	MOTOR FUEL	IFTA
Completed audits	28	146
Assessments:		
Tax	\$2,774,610	\$168,272
Penalty	277,461	16,880
Interest	474,685	10,752
Total Tax Assessments:	<u>\$3,526,756</u>	<u>\$195,905</u>

Internal Audits:

Crosscheck: Dealers, Special Fuel Sellers, and Users	12	-
<i>Tax Returns Processed:</i>	15,284	18,916

Taxable Gallonage Sales

Gasoline Dealers and Special Fuel Sellers and Users

Reporting Period	Gasoline Dealers	Special Fuel Sellers & Users	Total Taxable Gallons Sold
Jul-15	224,134,055	42,371,217	266,505,272
Aug-15	305,417,316	43,627,506	349,044,822
Sep-15	225,430,624	42,185,498	267,616,122
Oct-15	256,359,237	44,278,364	300,637,601
Nov-15	224,949,546	39,446,903	264,396,449
Dec-15	240,669,889	39,105,955	279,775,844
Jan-16	207,060,602	39,537,749	246,598,351
Feb-16	211,416,956	36,994,105	248,411,061
Mar-16	233,693,275	43,197,911	276,891,186
Apr-16	214,762,544	42,299,546	257,062,090
May-16	232,160,514	41,768,401	273,928,915
Jun-16	236,850,132	44,562,407	281,412,539
TOTAL:	2,812,904,690	499,375,562	3,312,280,252

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

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-15	41,065	87,937	129,002	139,108	\$ 112,239	\$ 24,583	\$ 136,822
Aug-15	137,709	463,406	601,115	121,426	148,960	25,047	174,007
Sep-15	239,095	742,948	982,043	142,388	124,182	25,663	149,845
Oct-15	209,807	123,223	333,030	160,259	136,610	23,548	160,158
Nov-15	129,974	177,543	307,517	181,119	110,545	22,963	133,508
Dec-15	159,158	1,063,910	1,223,068	105,834	122,631	22,057	144,688
Jan-16	102,938	130,285	233,223	82,936	86,064	20,845	106,909
Feb-16	247,972	947,919	1,195,891	106,937	120,808	21,911	142,719
Mar-16	64,977	89,940	154,917	123,030	117,421	25,194	142,615
Apr-16	107,946	312,576	420,522	79,901	111,658	24,080	135,738
May-16	157,048	111,725	268,773	134,812	111,167	21,686	132,853
Jun-16	38,783	83,729	122,512	155,006	115,895	24,982	140,877
TOTAL	1,636,472	4,335,141	5,971,613	1,532,756	\$ 1,418,180	\$ 282,559	\$ 1,700,739

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).

Taxable Gallonage Summary

	Gallons
Gross Gallons Reported	3,312,280,252
<i>Less Adjustments:</i>	
Temperature & Stock Adjustments	5,971,613
Federal Exempt Purchases	1,532,756
Cost of Collection Allowance	5,240,146
<i>Total Adjustments</i>	12,744,515
Taxable Gallons:	3,299,535,737
Gasoline Dealers	2,812,904,690
Special Fuel Sellers and Users	499,375,562
Taxable Gallons:	3,312,280,252
Aviation Fuel Sellers - Taxable Gallons	11,890,217

Taxable Gallonage - FY 2015 and FY 2016

Gasoline Dealers and Special Fuel Sellers or Users

	2015	2016	
Gasoline Dealers	July	244,982,131	224,134,055
	August	236,441,287	305,417,316
	September	231,145,799	225,430,624
	October	218,416,441	256,359,237
	November	221,868,202	224,949,546
	December	257,456,962	240,669,889
	January	208,723,049	207,060,602
	February	204,593,298	211,416,956
	March	229,047,314	233,693,275
	April	236,515,388	214,762,544
	May	252,045,980	232,160,514
	June	248,850,221	236,850,132
	TOTAL	2,790,086,072	2,812,904,690
% change prior year 1.7% 0.8%			

	2015	2016	
Special Fuel Sellers and Users	July	42,098,967	42,371,217
	August	39,045,116	43,627,506
	September	40,100,826	42,185,498
	October	42,346,808	44,278,364
	November	39,587,007	39,446,903
	December	41,076,732	39,105,955
	January	38,705,276	39,537,749
	February	38,329,967	36,994,105
	March	42,188,520	43,197,911
	April	41,969,960	42,299,546
	May	42,375,579	41,768,401
	June	43,780,403	44,562,407
	TOTAL	491,605,161	499,375,562
% change prior year 5.3% 1.6%			

	2015	2016	
Combined Taxable Gallons Sold	July	287,081,098	266,505,272
	August	275,486,403	349,044,822
	September	271,246,625	267,616,122
	October	260,763,249	300,637,601
	November	261,455,209	264,396,449
	December	298,533,694	279,775,844
	January	247,428,325	246,598,351
	February	242,923,265	248,411,061
	March	271,235,834	276,891,186
	April	278,485,348	257,062,090
	May	294,421,559	273,928,915
	June	292,630,624	281,412,539
	TOTAL	3,281,691,233	3,312,280,252
% change prior year 2.2% 0.9%			

Motor Fuel Tax Gross Revenue

Gasoline Dealers

Jul-15	\$	71,948,090
Aug-15		98,038,958
Sep-15		72,363,230
Oct-15		82,291,316
Nov-15		72,208,804
Dec-15		77,255,034
Jan-16		67,501,756
Feb-16		68,921,928
Mar-16		76,184,008
Apr-16		70,012,589
May-16		75,684,328
Jun-16		77,213,143

TOTAL: \$ **909,623,184**

% change prior year 13.1%

Special Fuel Sellers and Users

Jul-15	\$	13,918,332
Aug-15		14,331,636
Sep-15		13,857,936
Oct-15		14,545,442
Nov-15		12,958,308
Dec-15		12,846,306
Jan-16		13,185,839
Feb-16		12,337,534
Mar-16		14,406,503
Apr-16		14,106,898
May-16		13,929,762
Jun-16		14,861,563

TOTAL: \$ **165,286,059**

% change prior year 13.6%

Other Gross Revenue

Motor Carrier Temporary Permit Fees

Jul-15	\$	-
Aug-15		12,600
Sep-15		8,400
Oct-15		21,000
Nov-15		12,600
Dec-15		-
Jan-16		8,400
Feb-16		13,650
Mar-16		-
Apr-16		-
May-16		9,450
Jun-16		14,700
TOTAL:	\$	100,800

% change prior year -7.7%

Motor Fuel Tax - Penalties and Interest

		<u>Penalty</u>		<u>Interest</u>
Jul-15	\$	5,672	\$	1,605
Aug-15		46,728		9,223
Sep-15		16,940		408
Oct-15		698,196		571,512
Nov-15		124,369		54,769
Dec-15		78,373		124,150
Jan-16		119,417		154,632
Feb-16		33,459		60,285
Mar-16		3,437		107,853
Apr-16		7,574		8,214
May-16		10,444		17,494
Jun-16		9,191		2,827
TOTAL:	\$	1,153,800	\$	1,112,972

% change prior year 50.1% -3.5%

Other Gross Revenue - Floor Tax

Floor Tax		
Jul-15	\$	66,844
Aug-15		28,954
Sep-15		41,280
Oct-15		4,265
Nov-15		5,503
Dec-15		198,262
Jan-16		17,163
Feb-16		2,060
Mar-16		3,693
Apr-16		3,781
May-16		19,316
Jun-16		332,518
TOTAL:		
	\$	723,639

% change prior year

-59.1%

"IFTA" Motor Carrier Tax Gross Revenue

		Maryland-Based Motor Carriers		Motor Carriers Based Other Jurisdictions
Jul-15	\$	649,430	\$	297,414
Aug-15		52,874		24,509
Sep-15		332,831		166,555
Oct-15		763,186		116,712
Nov-15		63,032		219,886
Dec-15		203,258		4,695
Jan-16		922,291		232,909
Feb-16		77,520		391,897
Mar-16		356,443		413
Apr-16		740,661		147,963
May-16		53,629		180,689
Jun-16		325,292		7,073
TOTAL:	\$	4,540,447	\$	1,790,715
% change prior year		-8.6%		32.4%

**MOTOR FUEL TAX AND MOTOR CARRIER TAX "IFTA"
GROSS REVENUE SUMMARY - FY 2016**

Motor Fuel Tax Revenue:		
Gasoline Dealers	\$ 909,623,184	
Special Fuel Sellers and Users	165,286,059	
Total Motor Fuel Revenue:		\$ 1,074,909,243
Aviation Fuel Revenue		832,316
Floor Tax Revenue		723,639
Motor Carrier Temporary Permit Revenue		100,800
IFTA Revenue:		
Maryland-Based	\$ 4,540,447	
Based-Other Jurisdictions	1,790,715	
Total IFTA Revenue		6,331,162
Miscellaneous Revenue: Penalties and Interest		2,266,772
Total Gross Revenue		\$ 1,085,163,932

Total Gross
Revenue - %
change prior year 12.9%

Adjustments to Gross Revenue

Motor Fuel Tax Refunds		
Jul-15	\$	9,396,804
Aug-15		934,876
Sep-15		5,170,212
Oct-15		4,727,592
Nov-15		16,578,639
Dec-15		1,605,729
Jan-16		5,577,288
Feb-16		7,039,730
Mar-16		5,352,590
Apr-16		1,825,968
May-16		6,618,773
Jun-16		1,604,394
TOTAL:	\$	66,432,595
% change prior year		82.3%

IFTA Tax Refunds to Other Jurisdictions		
Jul-15	\$	140,406
Aug-15		96,568
Sep-15		447
Oct-15		112
Nov-15		196,326
Dec-15		-
Jan-16		97,628
Feb-16		141,727
Mar-16		44,925
Apr-16		1,528
May-16		53,725
Jun-16		88,315
TOTAL:	\$	861,707
% change prior year		-29.0%

Administration Expenses		
Jul-15	\$	850,314
Aug-15		514,329
Sep-15		1,589,674
Oct-15		835,067
Nov-15		2,093,883
Dec-15		483,928
Jan-16		505,377
Feb-16		494,061
Mar-16		144,041
Apr-16		1,029,961
May-16		-
Jun-16		919,983
TOTAL:	\$	9,460,618
% change prior year		4.9%

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>Floor Tax Revenue</i>	<i>SUT and CPI Purchases</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-15	\$ 86,972,398	\$ 9,396,804	\$ 140,406	\$ 946,844	\$ 66,844	22,919,453	\$ 850,314	\$ 85,011	\$ 11,343,531	\$ 41,223,191
Aug-15	112,626,063	934,876	96,568	89,983	28,954	30,017,855	514,329	80,581	17,449,652	63,413,265
Sep-15	86,867,007	5,170,212	447	507,786	41,280	23,014,986	1,589,674	79,427	12,184,362	44,278,833
Oct-15	99,077,407	4,727,592	112	900,898	4,265	25,854,834	835,067	65,778	14,390,989	52,297,872
Nov-15	85,713,353	16,578,639	196,326	295,518	5,503	22,738,095	2,093,883	66,082	9,438,636	34,300,671
Dec-15	90,782,111	1,605,729	-	207,953	198,262	24,060,723	483,928	72,033	13,843,873	50,309,610
Jan-16	82,183,458	5,577,288	97,628	1,163,600	17,163	22,440,450	505,377	41,051	11,294,800	41,046,101
Feb-16	81,912,812	7,039,730	141,727	483,067	2,060	22,605,407	494,061	74,479	11,021,041	40,051,240
Mar-16	91,115,757	5,352,590	44,925	356,856	3,693	25,197,098	144,041	53,407	12,939,627	47,023,520
Apr-16	85,109,600	1,825,968	1,528	888,624	3,781	23,392,650	1,029,961	81,920	12,491,214	45,393,954
May-16	89,984,236	6,618,773	53,725	243,768	19,316	24,927,531	-	79,124	12,525,057	45,516,942
Jun-16	92,819,730	1,604,394	88,315	347,065	332,518	25,608,541	919,983	53,423	13,781,726	50,083,765
TOTAL:	\$ 1,085,163,932	\$ 66,432,595	\$ 861,707	\$ 6,431,962	\$ 723,639	\$ 292,777,623	\$ 9,460,618	\$ 832,316	\$ 152,704,508	\$ 554,938,964

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

Revenue and Distribution Summary

Gross Revenue:	\$ 1,085,163,932	
less		
Deductions:		Statutory Authority
Motor Fuel Tax Refunds	\$ 66,432,595	Tax-General Article, § 2-1101
IFTA Tax Refund-Other Jurisdictions	861,707	Tax-General Article, § 9-205, IFTA Agreement
Administrative Expenses	9,460,618	Tax-General Article, § 2-1102
"IFTA" Tax and Motor Carrier Fees	6,431,962	To TTF: Tax-General Article, § 2-1001 To TTF: Tax-General Article, § 9-306, G
Floor Tax Revenue	723,639	To TTF: Tax-General Article, § 2-1103(1)
Aviation Fuel Tax	832,316	To TTF: Tax-General Article, § 2-1103(2)
Motor Fuel Tax - Tax Increase Factor	152,704,508	To TTF: Tax-General Article, § 2-1103(4)
SUT and CPI Purchases	292,777,623	
Total Deductions:	\$ 530,224,968	
Net Motor Fuel Tax Revenue:	<u>\$554,938,964</u>	

Net Motor Fuel Tax Revenue and Distribution

Distribution pursuant to Tax-General Article, § 2- 1104:	General Fund - \$4,624,687 distribution from 2.3%	Water Way Improvement Fund (balance of 0.5%)	Chesapeake Bay 2010 Trust Fund (balance of 2.3%)	Transportation Trust Fund (balance all remaining motor fuel tax revenue)
Jul-15	\$ 948,134	\$ 206,116	\$ -	\$ 40,068,941
Aug-15	1,458,505	317,066	-	61,637,694
Sep-15	1,018,413	221,394	-	43,039,026
Oct-15	1,199,635	261,489	3,216	50,833,532
Nov-15	-	171,503	788,915	33,340,253
Dec-15	-	251,548	1,157,121	48,900,941
Jan-16	-	205,231	944,060	39,896,810
Feb-16	-	200,256	921,179	38,929,805
Mar-16	-	235,118	1,081,541	45,706,861
Apr-16	-	226,970	1,044,061	44,122,923
May-16	-	227,585	1,046,890	44,242,467
Jun-16	-	250,419	1,151,927	48,681,419
TOTAL:	\$ 4,624,687	\$ 2,774,695	\$ 8,138,910	\$ 539,400,672

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

IFTA Taxes: Maryland-Based Motor Carriers	\$ 4,540,447
IFTA Taxes: Other Jurisdictions	1,790,715
Motor Carrier Temporary Permit Fees	100,800
Aviation Fuel Tax Revenue	832,316
Floor Tax Revenue	723,639
SUT and CPI Purchases	292,777,623
Tax Increase Distribution	152,704,508
Balance Net Motor Fuel Tax Revenue	539,400,672
TOTAL:	\$ 992,870,720

Notes:

(1) Tax-General Article, § 2-1101 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, \$4,624,687 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
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
2013	2,788,698,777	462,225,124	3,250,923,901	1,703,916	3,252,627,817
2014	2,742,981,644	467,036,533	3,210,018,177	1,341,453	3,211,359,630
2015	2,790,086,072	491,605,161	3,281,691,233	2,075,937	3,283,767,170
2016	2,812,904,690	499,375,562	3,312,280,252	1,532,756	3,313,813,008

Historical Net Tax Revenue Summary

(Dollars in thousands)

	FY 2005	FY 2006	FY 2007	FY2008	FY 2009	FY 2010	FY 2011	FY 2012	FY2013	FY2014	FY2015	FY2016	% Change Prior Year
Gasoline Dealer Tax	\$ 634,127	\$ 635,468	\$ 636,353	\$ 638,293	\$ 634,729	\$ 622,741	\$ 626,028	\$ 630,349	\$ 655,344	\$ 740,808	\$ 804,495	\$ 909,623	13.1%
Special Fuel Seller Tax	115,073	127,257	123,142	123,219	110,938	114,733	114,212	113,226	112,090	129,605	145,555	165,286	13.6%
Aviation Fuel Sellers Tax	894	995	1,950	1,470	744	945	665	670	976	1,017	1,075	832	-22.6%
Motor Carrier Temporary Permits	118	135	122	147	147	118	181	147	134	176	109	101	-7.3%
Other Revenue	255	338	356	278	206	514	260	276	2,184	1,426	3,691	2,990	-19.0%
Motor Fuel Tax Refunds	(8,200)	(17,282)	(14,408)	(15,512)	(14,979)	(16,794)	(14,880)	(14,257)	(27,745)	(65,080)	(36,444)	(66,433)	82.3%
Net Revenue Subtotal:	\$ 742,267	\$ 746,911	\$ 747,515	\$ 747,895	\$ 731,785	\$ 722,257	\$ 726,466	\$ 730,411	\$ 742,983	\$ 807,952	\$ 918,481	\$ 1,012,399	10.2%
IFTA Tax Revenue	16,281	17,206	14,452	14,177	11,239	7,756	5,112	4,729	4,526	6,357	6,321	6,331	0.2%
IFTA Tax Refunds - Other Jurisdictions	(5,677)	(6,158)	(6,235)	(6,896)	(6,918)	(3,824)	(2,296)	(1,576)	(1,952)	(1,396)	(1,214)	(862)	-29.0%
Net Tax Revenue	\$ 752,871	\$ 757,959	\$ 755,732	\$ 755,176	\$ 736,106	\$ 726,189	\$ 729,282	\$ 733,564	\$ 745,557	\$ 812,913	\$ 923,588	\$ 1,017,868	10.2%

Historical Distribution Summary

(Dollars in thousands)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY2013	FY2014	FY2015	FY2016
Administrative Expenses	\$ 6,204	\$ 7,335	\$ 7,774	\$ 7,615	\$ 7,905	\$ 9,054	\$ 7,081	8,857	\$ 8,023	\$ 8,809	\$ 9,016	\$ 9,461
Waterways Improvement Fund (.3%)	1,716	1,722	1,721	1,722	-	-	-	-	-	2,681	2,862	2,775
Fisheries Research and Development Fund (.3%)	1,716	1,722	1,721	1,722	-	-	-	-	-	-	-	-
General Fund - Chesapeake Bay Programs (2.3%)	13,159	13,207	13,197	13,199	-	-	-	-	-	-	-	-
General Fund					6,500	8,386	5,000	5,000	5,000	5,000	5,000	4,625
Budget Restoration Fund									8,000	-	-	-
Chesapeake Bay 2010 Trust Fund (Remaining 2.3%)					6,416	4,409	7,055	7,971	174	7,333	8,169	8,139
Gasoline & Motor Vehicle Revenue Account:												
Transportation Trust Fund	729,379	732,905	729,621	729,470	714,547	703,394	709,482	711,065	723,384	788,075	898,543	992,039
Transportation Trust Fund (Aviation)	696	1,067	1,698	1,448	737	945	663	670	976	1,017	1,076	832
TOTAL:	\$ 752,870	\$ 757,958	\$ 755,732	\$ 755,176	\$ 736,105	\$ 726,188	\$ 729,281	\$ 733,563	\$ 745,557	\$ 812,915	\$ 924,666	\$ 1,017,871

Counties, Baltimore City, and Municipalities (30%)	\$ 218,814	\$ 219,872	\$ 218,886	\$ 218,841	\$ 214,364	\$ 73,856	\$ 60,306	\$ 60,441	\$ 61,488	\$ 66,986	\$ 76,376	\$ 84,323
Department of Transportation (70%)	510,565	513,033	510,735	510,629	500,183	492,376	485,995	487,080	495,518	539,831	615,502	679,547
General Fund						137,162	163,181	163,545	166,378	181,257	206,665	228,169

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.

(4) Tax-General Article, § 2-1104(b) requires that for each fiscal year beginning on or before July 1, 2015, \$4,600,000 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. 0.05 % IS distributed to Waterway 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 Motor Fuel Tax Rates

Dates		Gasoline Tax Rate Per Gallon	Special Fuel Tax Rate Per Gallon
From	To		
January, 1922	December, 1923	0.01	0
January, 1924	March, 1927	0.02	0
April, 1927	June, 1947	0.04	0
July, 1947	May, 1953	0.05	0
June, 1953	June, 1964	0.06	0
June, 1964	June, 1972	0.06	0.07
July, 1972	May, 1982	0.09	0.09
June, 1982	May, 1983	0.11	0.11
June, 1983	May, 1987	0.135	0.135
June, 1987	April, 1992	0.185	0.185
May, 1992	December, 1992	0.235	0.1925
January, 1993	June, 1993	0.235	0.235
July, 1993	June, 2013	0.235	0.2425
July, 2013	June, 2014	0.27	0.2775
July, 2014	December, 2014	0.274	0.2815
January, 2015	June, 2015	0.303	0.3105
July, 2015	December, 2015	0.321	0.3285
January, 2016	June, 2016	0.326	0.3335
July, 2016 *	June, 2017	0.335	0.3425

* Fiscal 2017 tax rate

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		
07/01/64	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		
07/01/72	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.
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,
01/01/93	0.235	0.07	0.2175	increased the special fuel tax rate to 21.75 cents per
07/01/93	0.235	0.07	0.2425	increased the special fuel tax rate to 24.25 cents per
07/01/93	0.235			imposed a .75 cent per gallon motor carrier surcharge on gasoline and clean-burning fuel powered vehicles.
07/01/94	0.235			Eliminated the .75 cent per gallon motor carrier surcharge on gasoline and clean-burning fuel
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
07/01/13	0.27	0.07	0.2775	Increase the gasoline tax rate 27.0 cent per gallon and the Special Fuel 27.75 cent per gallon.
07/01/14	0.274	0.07	0.2815	Increase the gasoline tax rate 27.4 cent per gallon and the Special Fuel 28.15 cent per gallon.
01/01/15	0.303	0.07	0.3105	Increase the gasoline tax rate 30.3 cent per gallon and the Special Fuel 31.05 cent per gallon.
07/01/15	0.321	0.07	0.3285	Increase the gasoline tax rate 32.10 cent per gallon and the Special Fuel 32.85 cent per gallon.
01/01/16	0.326	0.07	0.3335	Increase the gasoline tax rate 32.6 cent per gallon and the Special Fuel 33.25 cent per gallon.
07/01/16	0.3335	0.07	0.3425	Increase the gasoline tax rate 33.5 cent per gallon and the Special Fuel 34.26 cent per gallon.