

**Report to the  
Maryland General Assembly**

**regarding**

**Motor Fuel Tax Cumulative Increases  
(Tax – General Article, § 9–305(b))**

**The Maryland Department of Transportation**

**March 2019**

## **Motor Fuel Tax Cumulative Increases (Tax – General Article, § 9–305(b))**

The Maryland Department of Transportation (MDOT) hereby submits this *Report to the Maryland General Assembly regarding Motor Fuel Tax Cumulative Increases* pursuant to State Tax - General Article § 9–305(b). This report is designed to ensure that the budget committees receive information on the impact of the cumulative increases in the motor fuel tax rates and a recommendation concerning the advisability of continuing to allow future increases in the motor fuel tax rates as required by the following statutory language from State Tax - General Article § 9–305(b):

*SECTION 10. AND BE IT FURTHER ENACTED, That on or before January 1, 2019, the Department of Transportation shall submit a report to the Governor and in accordance with § 2-1246 of the State Government Article, Senate Budget and Taxation Committee, House Appropriations Committee, and House Committee on Ways and Means that:*

*(1) Assesses the impact of cumulative increases in the motor fuel tax rates under § 9–305(b) of the Tax – General Article as enacted by this Act on the State’s transportation investment program, consumers, and the State’s economy; and*

*(2) Makes a recommendation concerning the advisability of continuing to allow future increases in the motor fuel tax rates under § 9–305(b) of the Tax – General Article as enacted by this Act.*

The motor fuel tax rate has added a cumulative total of 2.1 cents per gallon over the six years since the passage of the Transportation Infrastructure Investment Act of 2013. In this same timeframe the inflation experienced for construction expenditures has averaged 3% per year. The 2.1 cents has had minimal impact on consumers as the difference in price between service stations can easily be larger than the 2.1 cents additional tax.

The below chart shows the revenue added to the Transportation Trust Fund each year as the rate has changed. The additional revenue started at \$13 million in year one (FY 2015) and grew to \$67 million in FY 2019.

## Motor Fuel Tax Cumulative Increases (Tax – General Article, § 9–305(b))

Effective Date	Tax Rate Effect		Rate (cents/gallon)		Revenue	
	Gasoline/ Clean Burning	Special/ Diesel	Gasoline/ Clean Burning	Special/ Diesel	FY	Dollars
7/1/1993			23.5	24.25		
7/1/2013	0.4	0.4	23.9	24.65	2014	13,107,036
7/1/2014	0.4	0.4	24.3	25.05	2015	26,307,142
7/1/2015	0.3	0.3	24.6	25.35	2016	36,435,083
7/1/2016	0.1	0.1	24.7	25.45	2017	39,914,830
7/1/2017	0.4	0.4	25.1	25.85	2018	52,701,557
7/1/2018	0.5	0.5	25.6	26.35	2019*	67,118,000

\*Estimated

Source: Comptroller of Maryland

However, as indicated below, these actuals differ significantly from the expected revenues the 2013 legislation forecasted.

(\$ in millions)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
SF Revenue	\$132.8	\$219.1	\$463.8	\$649.2	\$685.4
Bond Revenue	\$0	\$45.0	\$65.0	\$85.0	\$100.0
SF Expenditure	\$6.3	(\$10.2)	(\$9.9)	(\$1.3)	(\$1.2)
GF/SF Exp.	--	\$2.3	\$5.5	\$12.3	\$21.0
Bond Exp.	\$0	\$45.0	\$65.0	\$85.0	\$100.0
Net Effect	\$126.6	\$227.0	\$484.2	\$638.3	\$665.5

\*Source: Fiscal Note for HB 1515 (Chapter 426, Acts of 2013)

In conclusion, the increases due to indexing the gas tax to inflation seen over the six years since the Transportation Infrastructure Investment Act of 2013 was passed have been relatively small, but have contributed to vital system preservation work.