



House Bill 668

Motor Fuel Tax – Exemption – Use in City- or County-Owned Vehicles

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: February 28, 2013

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** HB 668. This bill would grant county governments the same motor fuel tax exemption afforded to the State.

Under current law, counties are required to pay the motor fuel tax on motor fuel purchased by the county for county-owned vehicles. The State was also required to pay the motor fuel tax in a comparable situation until Fiscal 2006 when an exemption was provided for motor fuel purchased by the Department of General Services for use by State agencies. HB 668 is seeking this same exemption for motor fuel purchased in bulk by a county and dispensed at a county-owned fuel station for use in county-owned vehicles. Based on a survey of county governments, this would save counties approximately \$7 million annually which could be used elsewhere in a counties' budget to fund needed services.

An amendment is being offered to the bill by the sponsor at MACo's request that would also authorize a county to request a refund of motor fuel taxes from the Comptroller's Office. This amendment mirrors the State motor fuel tax exemption process. Some fuel stations may be multiuse sites, meaning that other organizations purchase gas from the site. If this is the case, a county may not be able to purchase the motor fuel tax exempt; instead the county would need to submit documentation to request a refund of the motor fuel tax paid for county-owned vehicles.

MACo believes this legislation is about parity. Just as governmental entities are not typically required to tax themselves and are provided an exemption from paying the sales tax, this same exemption should apply to the motor fuel tax. This exemption would eliminate the requirement of one taxpayer-supported fund subsidizing another.

Accordingly, MACo urges the Committee to issue a **FAVORABLE** report on HB 668.