
Administrative Release

MOTOR FUEL REGULATION

No. 3

JUNE 7, 2013

**TO: MOTOR FUEL INSPECTION REGISTRANTS, DEALERS,
DISTRIBUTORS, SELLERS AND USERS**

**SUBJECT: TAX RATE CHANGES FROM THE TRANSPORTATION
INFRASTRUCTURE INVESTMENT ACT OF 2013, CHAPTER 429**

The Transportation Infrastructure Investment Act of 2013 was passed by the General Assembly and signed into law by the Governor on May 16, 2013. This release summarizes changes to the motor fuel tax rate, sales and use tax equivalent rate, and the inventory (floor) tax.

Motor Fuel Tax Rate

The Tax-General Article, §9-305, Annotated Code of Maryland indexes the motor fuel tax rates for all fuels, except aviation gasoline and turbine fuel to the annual change in the Consumer Price Index (CPI). The CPI is published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor.

The motor fuel tax rate will increase on July 1, 2013 and subsequently July 1st of every year thereafter. If there is a decline or no growth in the CPI, the motor fuel tax rates shall remain unchanged. The excise tax rate may not increase by more than eight percent (8%) of the tax rate imposed in the previous year. The current motor fuel excise tax rate can be found at:

http://taxes.marylandtaxes.com/Business_Taxes/Business_Tax_Types/Motor_Fuel_Tax/Tax_Information/Motor_Fuel_Tax_Rates/

Sales and Use Tax Equivalent Rate

The Tax-General Article, §9-306, Annotated Code of Maryland imposes a sales and use tax equivalent rate on motor fuel based on the average annual retail price of regular unleaded gasoline, excluding Federal and State taxes.

The sales and use tax equivalent rate is determined by multiplying the average annual retail price by the applicable percentage rate. The tax begins in the month following the rate determination date. The percentage rate is one percent (1%) change for the determination made on June 1, 2013, two percent (2%) applicable for the determination made on December 1, 2014, three percent (3%) for the determination made on June 1, 2015, four percent (4%) for determination made on December 1, 2015, and then increases to five percent (5%) for the determination made on June 1, 2016.

Inventory - Tax Adjustment

The Tax-General Article, §9-306, Annotated Code of Maryland also requires that any person or entity possessing tax-paid motor fuel for sale on the date of an increase of either the motor fuel tax rate or the sales and use tax equivalent rate, pay the additional tax due on fuel held in inventory. For purposes of the inventory (floor) tax, tax-paid motor fuel held for sale includes that for a retail sale, a sale to an owner/operator, a sale to a contractor, or any other tax due sale. Each person or entity subject to the floor tax will be required to compile an inventory of motor fuel held for sale on the date of the increase, and report the inventory and tax due on forms provided by the Office of the Comptroller.

The inventory-tax adjustment return (COM/RAD-779) and additional tax will be due within thirty (30) days of the increase. The form is available at:

http://taxes.marylandtaxes.com/Business_Taxes/Business_Tax_Types/Motor_Fuel_Tax/Filing_Information/Motor_Fuel_Tax_Forms/

Frequently Asked Questions for Consumers

http://taxes.marylandtaxes.com/Business_Taxes/Business_Tax_Types/Motor_Fuel_Tax/Tax_Information/Frequently_Asked_Questions/

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