

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 756 (Delegate Hubbard. *et al.*)

Environmental Matters

Vehicle Laws - Fuel Efficiency Surcharge and Credit Program - Repeal

This bill repeals the fuel efficiency surcharge and fuel efficiency credit program.

Fiscal Summary

State Effect: None. The fuel efficiency surcharge and fuel efficiency credit program has never been implemented.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The fuel efficiency surcharge and fuel efficiency credit program is more commonly known as the gas guzzler/sipper tax. Class A vehicles (passenger) and Class M vehicles (multipurpose) are subject to either a fuel efficiency surcharge or credit at the time of purchase based on the fuel economy rating of the model type of a passenger car.

Fuel Efficiency Surcharge (For "Guzzlers")

For used passenger cars with a model year of 1993 or 1994, a fuel efficiency surcharge of \$100 is imposed on all such cars with a fuel economy rating of less than 21 miles per gallon. For new and used cars with a model year of 1995 or newer, a surcharge must be imposed on all such cars that have a fuel economy rating that is less than 27 miles per gallon. The amount of this surcharge is equal to the product of multiplying \$50 and the nearest whole number of miles per gallon that the fuel economy rating of the car is less than 27 miles per gallon. The surcharge may not exceed an amount equal to 1% of the total purchase price of

the car.

Fuel Efficiency Credit (For “Sippers”)

For used passenger cars with a model year of 1993 or 1994, a fuel efficiency credit of \$50 is granted on all such cars with a fuel economy rating that is greater than 35 miles per gallon. For new and used cars with a model year of 1995 or newer, a credit is granted on all such cars that have a fuel economy rating that is greater than 35 miles per gallon. The amount of this credit is equal to the product of multiplying \$50 and the nearest whole number of miles per gallon that the fuel economy rating of the car exceeds 35 miles per gallon. The credit may not exceed an amount equal to 1% of the total purchase price of the car.

Any proceeds collected from the surcharge must be deposited into the Transportation Trust Fund and used to fund the credit. Any remaining funds must be used solely for transit purposes.

Motor vehicle dealers must display on vehicles offered for sale a notice on a form prescribed by the Motor Vehicle Administration (MVA) to inform consumers of the fuel efficiency surcharge and fuel efficiency credit program.

The current law is invalid under federal law and thus, the MVA is restrained from enforcing any of its provisions.

Background: The gas guzzler/sipper tax was enacted in the first special session of 1992. Shortly thereafter, the National Highway Traffic Safety Administration (NHTSA) found that the 1975 Federal Energy and Conservation Act preempted Maryland’s law. The findings were that states cannot enact laws that conflict with federal regulations on fuel economy disclosures, and Maryland could not tax vehicles based on fuel efficiency or require vehicles for sale to display a sticker stating the vehicle’s fuel efficiency and the resulting surcharge/credit imposed. Accordingly, the sipper/guzzler tax has never been implemented.

A 1992 Maryland Attorney General Opinion (92-020) stated that the Act only partially conflicted with the federal act. The opinion stated that: (1) the section requiring each vehicle to display a sticker stating the vehicle’s fuel efficiency and the resulting surcharge/credit did violate the federal statute; but (2) Maryland could impose a tax based on fuel efficiency. The opinion stated that federal law does not preempt Maryland from using the federal fuel mileage ratings to compute taxes owed in Maryland. The Attorney General suggested that the State could implement the gas guzzler/sipper tax if the sticker display requirement was amended.

Additional Information

Prior Introductions: A similar bill was introduced in the 1993 session as HB 70 and was given an unfavorable report from the House Ways and Means Committee.

Cross File: None.

Information Source(s): Maryland Department of Transportation (Motor Vehicle Administration), Department of Legislative Services

Fiscal Note History: First Reader - March 6, 2000
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