



Business tax tip #38

Purchases of Motor Fuel by School Bus Operators

In the 2016 regular session, the Maryland General Assembly passed Senate Bill 0520. The bill expanded the exemption from motor fuel tax for certain purchases made by a county board of education and school bus contractors.

The motor fuel tax does not apply to motor fuel that is bought by:

- the Department of General Services for use by state agencies;
- a county board of education for use in a school bus owned by the county board of education; or
- a school bus operator under contract with a county board of education for use in a school bus used to transport the county's public school students.¹

County school boards and school bus operators under contract with the county may apply for a refund of motor fuel tax paid.

County Boards of Education

Motor fuel bought by county boards of education for use in a county school bus is exempt from the motor fuel tax whether used to:

- transport students; or
- train individuals to operate school buses to transport students.

County school boards are eligible for a refund on all gallons used in their busses.

Contractors

School bus operators under contract with the county are only exempt from paying the tax on motor fuel for use in a school bus used to transport the county's public school students. Fuel purchased by a contractor is not exempt from motor fuel tax if used to train individuals to

¹ Tax-General Article § 9-303(d)

operate school buses or any other purpose than transporting the county's public school students. School bus operators under contract with the county are eligible for a refund on gallons used transporting students.

Tips

- Claimants should apply for the refund at least quarterly but are welcome to apply monthly. To claim the refund, the claimant must submit the following completed forms along with the appropriate invoices:

Form	Description
COM/RAD 028	Refund Questionnaire (Use for initial claim only)
COM/RAD 061	Record of Motor Fuel Used
706	Refund Claim Form (formerly GTD-106)
MFT-RA	Refund Affidavit For School Bus Contractors
Refund Document Checklist	(School Bus Refunds only)

Mail the completed and signed original forms and invoices to:

**Comptroller of Maryland
Revenue Administration Division
Motor Fuel Tax Unit
110 Carroll Street
Annapolis MD 21411-0001**

- All school bus operators should keep contemporaneous records of motor fuel used and the purpose for which it was used. Refunds are issued based on when the fuel is used and not when it is purchased.
- School bus operators under contract with a county board of education that buy fuel in bulk must account for unused gallons at the end of the period for which a refund is requested. Carryforward gallons will need to be reported with the refund request. Verify the gallons remaining in the tank with a stick or meter reading.