



**Peter Franchot**  
*Comptroller*

**David Roose**  
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*Bureau of Revenue Estimates*

August 15, 2011

Honorable Martin O'Malley  
Governor of Maryland  
State House  
Annapolis, Maryland 21404

Honorable Thomas V. "Mike" Miller, Jr.  
President of the Senate  
State House  
Annapolis, Maryland 21404

Honorable Michael E. Busch  
Speaker of the House  
State House  
Annapolis, Maryland 21404

Dear Governor, President and Speaker:

Section §10-108(b) of the Tax-General Article of the Annotated Code of Maryland requires that the Comptroller's Office report the impact of changes in federal income tax law on State revenues. On June 29, 2011, President Obama signed into law H.R. 2279, the *Airport and Airway Extension Act of 2011, Part III*. The Act amends the Internal Revenue Code to extend, through July 22, 2011, the excise taxes on aviation fuels and airway transportation of persons and property, and the expenditure authority for the Airport and Airway Trust Fund.

This amendment does not affect the calculation of federal adjusted gross income or federal taxable income and therefore will not flow through to the Maryland income tax return. There may be small indirect effects to Maryland revenues, as maintaining a higher federal excise tax for aviation fuel- which is also taxed by Maryland – could reduce overall sales through the extension period. This temporary extension was intended to provide the U.S. Congress with time to complete its work on a long-term Federal Aviation Administration (FAA) reauthorization bill. Since July 23, 2011 the FAA has been partially shut down because Congress failed to approve an authorizing bill. Among other ramifications, the FAA has furloughed some 4,000 employees and the FAA cannot collect fuel and ticket taxes. A large number of furloughs have been concentrated to seven states and the District of Columbia, which may affect Maryland residents working in these areas. Ultimately, however, any impact on Maryland revenues from this bill is negligible.

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Michael E. Busch  
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Please do not hesitate to contact me at (410) 260-7450 if you have any questions regarding this report.

Sincerely,

David F. Roose

cc: Honorable Peter Franchot