

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
SENATE  
122ND LEGISLATURE  
FIRST SPECIAL SESSION

SENATE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 109, L.D. 131, Bill, "An Act To Delay the Fiscal Sustainability of the Highway Fund"

Amend the amendment by striking out everything after the enacting clause and before the emergency clause and inserting in its place the following:

'Sec. 1. 36 MRSA §2903, sub-§1, as amended by PL 2001, c. 688, §1, is further amended to read:

1. **Excise tax imposed.** An excise tax is imposed on internal combustion engine fuel used or sold within this State, including sales to the State or a political subdivision of the State, ~~at the rate of 22¢ per gallon, except that the rate is 3.4¢ per gallon on internal combustion engine fuel, as defined in section 2902, bought or used for the purpose of propelling jet or turbojet engine aircraft. The tax rate provided by this section is subject to annual inflation adjustment pursuant to section 3321 except with respect to the tax imposed upon fuel bought or used for the purpose of propelling jet or turbojet engine aircraft.~~ The applicable tax rate is:

D. Beginning July 1, 2005 and until June 30, 2007, 25.2¢ per gallon; and

E. For internal combustion engine fuel bought or used for the purpose of propelling jet or turbojet aircraft, 3.4¢ per gallon.

R. 018

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L.D. 131

2        **Sec. 2. 36 MRSA §3203, sub-§1**, as amended by PL 2001, c. 688,  
§5, is repealed and the following enacted in its place:

4        1. Generally. Except as provided in section 3204-A, an  
excise tax is levied and imposed on all suppliers of distillates  
6        sold, on all retailers of low-energy fuel sold and on all users  
of special fuel used in this State at the following rates:

8                    A. For distillates, the applicable tax rate is 26.3¢ per  
10                   gallon beginning July 1, 2005 until June 30, 2007; and

12                   B. For low-energy fuel, the tax rate is based on the  
British Thermal Unit, or "BTU," energy content for each fuel  
14                   as compared to gasoline. Applicable BTU values and tax  
16                   rates are determined as follows:

18                   (1) For gasoline with a BTU content per gallon of  
115,000 and a BTU value of 100%, the tax rate is:

20                   (a) From July 1, 2004 to June 30, 2007, 25.2¢ per  
22                   gallon as authorized in section 2903; and

24                   (b) Beginning July 1, 2007, 26.5¢ per gallon as  
authorized in section 2903;

26                   (2) For methanol, M85, with a BTU content per gallon  
28                   of 65,530 and a BTU value of 57%, the tax rate is:

30                   (a) From July 1, 2004 to June 30, 2007, 14.3¢ per  
32                   gallon; and

34                   (b) Beginning July 1, 2007, 57% of the rate  
established under section 2903, subsection 1 as  
increased pursuant to section 3321;

36                   (3) For ethanol, E85, with a BTU content per gallon of  
38                   81,850 and a BTU value of 71%, the tax rate is:

40                   (a) From July 1, 2004 to June 30, 2007, 17.8¢ per  
42                   gallon; and

44                   (b) Beginning July 1, 2007, 71% of the rate  
established under section 2903, subsection 1 as  
increased pursuant to section 3321;

46                   (4) For propane with a BTU content per gallon of  
48                   84,500 and a BTU value of 73%, the tax rate is:

50                   (a) From July 1, 2004 to June 30, 2007, 18.3¢ per  
gallon; and

1003

2                    (b) Beginning July 1, 2007, 73% of the rate  
4                    established under section 2903, subsection 1 as  
                     increased pursuant to section 3321; and

6                    (5) For compressed natural gas with a BTU content per  
8                    100 standard cubic feet of 100,000 and a BTU value of  
                     87%, the tax rate is:

10                   (a) From July 1, 2004 to June 30, 2007, 21.9¢ per  
12                   100 standard cubic feet; and

14                   (b) Beginning July 1, 2007, 87% of the rate  
                     established under section 2903, subsection 1 as  
16                   increased pursuant to section 3321.

18                   **Sec. 3. 36 MRSA §3321, sub-§§1 and 2, as enacted by PL 2001, c.**  
**688, §8, are amended to read:**

20                   **1. Generally.** Beginning in ~~2003~~ 2007, and each calendar  
22                   year thereafter, the excise tax imposed upon internal combustion  
24                   engine fuel pursuant to section 2903, subsection 1 and the excise  
26                   tax imposed upon distillates pursuant to section 3203, subsection  
28                   1 are subject to an annual rate of adjustment pursuant to this  
30                   section. On or about February 15th of each year, the State Tax  
32                   Assessor shall calculate the adjusted rates by multiplying the  
34                   rates in effect on the calculation date by an inflation index as  
                     computed in subsection 2. The adjusted rates must then be  
                     rounded to the nearest 1/10 of a cent and become effective on the  
                     first day of July immediately following the calculation. The  
                     assessor shall publish the annually adjusted fuel tax rates and  
                     shall provide all necessary forms and reports to suppliers,  
                     distributors and retail dealers.

36                   **2. Method of calculation; inflation index defined.** The  
38                   ~~inflation index for 2003 is 1.118, representing annual inflation~~  
                     ~~adjustments for the years 1999 to 2002, inclusive.~~ Starting in  
40                   2004 2007 and every year thereafter, the inflation index is the  
42                   Consumer Price Index as defined in section 5402, subsection 1 for  
                     the calendar year ending on the December 31st immediately  
                     preceding the calculation date, divided by the Consumer Price  
                     Index for the prior calendar year.'

44

**SUMMARY**

46

48                   This amendment requires the gas tax rate to remain at 25.2¢  
                     per gallon and the tax on distillates to remain at 26.3¢ per  
                     gallon from July 1, 2005 until June 30, 2007. The amendment also

**BOS**

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incorporates the bill, which delays the adjustment of the excise  
tax on internal combustion engine fuel and distillates from 2005  
to 2007.

**FISCAL NOTE REQUIRED**  
(See attached)

SPONSORED BY: Richard A. Nass  
(Senator R. NASS)

COUNTY: York



# 122nd MAINE LEGISLATURE

LD 131

LR 0348(010)

## An Act To Delay the Fiscal Sustainability of the Highway Fund

Fiscal Note for Senate Amendment **C** to Committee Amendment **A**

Sponsor: Sen. Nass

Fiscal Note Required: Yes

### Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
<b>Net Cost (Savings)</b>				
General Fund	\$8,907	\$17,838	\$18,367	\$18,912
Highway Fund	\$4,704,327	\$9,557,439	\$9,851,441	\$10,153,957
<b>Revenue</b>				
General Fund	(\$8,907)	(\$17,838)	(\$18,367)	(\$18,912)
Highway Fund	(\$4,704,327)	(\$9,557,439)	(\$9,851,441)	(\$10,153,957)
Other Special Revenue Funds	(\$114,143)	(\$223,470)	(\$230,078)	(\$236,857)

### Fiscal Detail and Notes

This amendment decreases Highway Fund revenue by \$4,704,327 in fiscal year 2005-06 and \$9,557,439 in fiscal year 2006-07 and decreases General Fund revenue by \$8,907 in fiscal year 2005-06 and \$17,838 in fiscal year 2006-07.