

# MAINE STATE LEGISLATURE

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# 132nd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2025

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Legislative Document

No. 1194

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S.P. 483

In Senate, March 20, 2025

**An Act to Phase Out Vehicle Excise Taxes and Implement a Fee for  
Infrastructure Funding Based on a Vehicle's Annual Mileage**

(EMERGENCY)

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator MARTIN of Oxford.  
Cosponsored by Representative THORNE of Carmel.



1           **3. Source of the fund.** Money deposited in the fund is revenue transferred into the  
2 fund from the usage-based infrastructure fee collected pursuant to section 1863.

3 **§1863. Usage-based infrastructure fee**

4           Beginning on July 1, 2027, the department shall collect usage-based infrastructure fees  
5 pursuant to this chapter.

6           **1. Annual mileage.** The department shall maintain a record of the annual mileage of  
7 a motor vehicle for the purposes of collecting a usage-based infrastructure fee for a motor  
8 vehicle registered in this State. The annual mileage may be submitted to the department by  
9 the owner of the motor vehicle through a digital reporting system or to the department  
10 during a motor vehicle inspection as required under Title 29-A, chapter 15.

11 The department shall create a digital reporting system for an owner of a motor vehicle to  
12 report annual mileage for the purposes of calculating the usage-based infrastructure fee  
13 pursuant to subsection 2.

14           **2. Calculation of usage-based infrastructure fee.** A motor vehicle is subject to a  
15 usage-based infrastructure fee. The usage-based infrastructure fee is the sum of the annual  
16 mileage multiplied by:

17           A. For a motor vehicle used for transportation of passengers, one cent; or

18           B. For a heavy duty vehicle, 1 1/2 cent.

19           **3. Electric and hybrid motor vehicles.** Notwithstanding subsection 2, an electric or  
20 a hybrid motor vehicle is subject to a flat annual fee equivalent to the average usage-based  
21 infrastructure fee for a motor vehicle.

22           **4. Exemptions.** The following motor vehicle owners are exempt from the usage-based  
23 infrastructure fee for the first 10,000 miles driven each year:

24           A. A person who is 65 years of age or older; or

25           B. A person who resides in a household with an annual income of under \$40,000.

26           **5. Use of fees.** The revenue collected from the usage-based infrastructure fee pursuant  
27 to subsections 2 and 3 and deposited into the Maine Transportation Fund established under  
28 section 1862 must be used to ensure municipalities receive at least an equivalent revenue  
29 to the revenue collected from excise taxes to finance road maintenance and repair, bridge  
30 maintenance and repair and transportation infrastructure projects.

31           **6. Audit and compliance.** Beginning July 1, 2028, the State Auditor shall submit a  
32 biennial audit report on the financial and operational impact of the usage-based  
33 infrastructure fee to the joint standing committee of the Legislature having jurisdiction over  
34 transportation matters. The report must include an evaluation of municipal funding to  
35 ensure municipalities receive at least an equivalent revenue through usage-based  
36 infrastructure fees as that received from excise taxes.

37           **7. Progress report.** By January 1, 2028 and each year thereafter, the department shall  
38 submit a report to the joint standing committee of the Legislature having jurisdiction over  
39 transportation matters. The committee is authorized to submit legislation related to the  
40 report. The report must include:

41           A. Findings and recommendations regarding compliance with this section;

1 B. Findings and recommendations regarding the effectiveness and equity of this  
2 section; and

3 C. An overview of the costs associated with the transition to and administration of the  
4 usage-based infrastructure fee.

5 **Sec. A-2. 36 MRSA §1482, sub-§1, ¶C**, as amended by PL 2013, c. 263, §1, is  
6 further amended to read:

7 C. For the privilege of operating a motor vehicle or camper trailer on the public ways,  
8 each motor vehicle, other than a stock race car, or each camper trailer to be so operated  
9 is subject to excise tax as follows, except as specified in subparagraph (3), (4) or (5):  
10 ~~a sum equal to 24 mills on each dollar of the maker's list price for the first or current~~  
11 ~~year of model~~, 17 1/2 mills for the 2nd year, 13 1/2 mills for the 3rd year, 10 mills for  
12 the 4th year, 6 1/2 mills for the 5th year and 4 mills for the 6th and succeeding years.  
13 The minimum tax is \$5 for a motor vehicle other than a bicycle with motor attached,  
14 \$2.50 for a bicycle with motor attached, \$15 for a camper trailer other than a tent trailer  
15 and \$5 for a tent trailer. The excise tax on a stock race car is \$5. Beginning July 1,  
16 2025 and each July 1st for the next 4 years, each amount specified in this paragraph is  
17 reduced by 20% of the original amount for each year until the amount equals zero after  
18 the final reduction on July 1, 2029.

19 ~~(1) On new registrations of automobiles~~ New automobiles, trucks and truck  
20 ~~tractors, the excise tax payment must be made prior to registration and is for a one-~~  
21 ~~year period from the date of registration~~ purchased from a motor vehicle dealer  
22 licensed in any state for the sale of new motor vehicles are exempt from the excise  
23 tax under this section beginning July 1, 2025.

24 ~~(2) Vehicles registered under the International Registration Plan are subject to an~~  
25 ~~excise tax determined on a monthly proration basis if their registration period is~~  
26 ~~less than 12 months.~~

27 (3) For commercial vehicles manufactured in model year 1996 and after, the  
28 amount of excise tax due for trucks or truck tractors registered for more than 26,000  
29 pounds and for Class A special mobile equipment, as defined in Title 29-A, section  
30 101, subsection 70, is based on the purchase price in the original year of title rather  
31 than on the list price. Verification of purchase price for the application of excise  
32 tax is determined by the initial bill of sale or the state sales tax document provided  
33 at point of purchase. The initial bill of sale is that issued by the dealer to the initial  
34 purchaser of a new vehicle.

35 (4) For buses manufactured in model year 2006 and after, the amount of excise  
36 tax due is based on the purchase price in the original year of title rather than on the  
37 list price. Verification of purchase price for the application of excise tax is  
38 determined by the initial bill of sale or the state sales tax document provided at  
39 point of purchase. The initial bill of sale is that issued by the dealer to the initial  
40 purchaser of a new vehicle.

41 (5) For trucks or truck tractors registered for more than 26,000 pounds that have  
42 been reconstructed using a prepackaged kit that may include a frame, front axle or  
43 body but does not include a power train or engine and for which a new certificate

1 of title is required to be issued, the amount of excise tax due is based on the maker's  
2 list price of the prepackaged kit.

3 ~~For motor vehicles being registered pursuant to Title 29-A, section 405, subsection 1,~~  
4 ~~paragraph C, the excise tax must be prorated for the number of months in the~~  
5 ~~registration.~~

6 **Sec. A-3. Reports.** By January 1, 2026, the Department of Transportation shall  
7 submit a plan to the joint standing committee of the Legislature having jurisdiction over  
8 transportation matters that outlines how the usage-based infrastructure fee under the Maine  
9 Revised Statutes, Title 23, chapter 19, subchapter 9 will be implemented statewide  
10 beginning on July 1, 2027. The committee is authorized to submit legislation related to the  
11 plan.

12 By January 1, 2035, the department shall submit a report to the joint standing  
13 committee of the Legislature having jurisdiction over transportation matters. The report  
14 must include findings and recommendations regarding the compliance, effectiveness and  
15 equity of the usage-based infrastructure fee pursuant to Title 23, section 1863. The  
16 department may also consider whether the creation of a 0.5% luxury goods sales tax is  
17 needed to supplement the cost of administering the usage-based infrastructure fee. The  
18 committee is authorized to submit legislation related to the report.

## 19 PART B

20 **Sec. B-1. 29-A MRSA §409, sub-§5,** as amended by PL 2017, c. 67, §2, is further  
21 amended to read:

22 **5. Other taxes.** A motor vehicle, mobile home or camp trailer may not be registered  
23 until the ~~excise tax or~~ personal property tax or real estate tax has been paid in accordance  
24 with Title 36, sections 551, 602, 1482 and 1484. ~~The Secretary of State may provide~~  
25 ~~municipal excise tax collectors with a standard vehicle registration form for the collection~~  
26 ~~of excise tax.~~

27 **Sec. B-2. 29-A MRSA §523, sub-§2,** as amended by PL 2023, c. 634, §8, is further  
28 amended to read:

29 **2. Disabled veterans; special free license plates.** The Secretary of State, ~~on~~  
30 ~~application and upon evidence of payment of the excise tax required by Title 36, section~~  
31 ~~1482 or upon evidence of exemption from excise tax under Title 36, section 1483,~~  
32 ~~subsection 12,~~ shall issue, with no annual registration fee, a registration certificate and upon  
33 request special designating plates to be used in lieu of regular registration plates for a  
34 vehicle with a registered gross weight of not more than 26,000 pounds to any 100%  
35 disabled veteran when that application is accompanied by certification from the United  
36 States Department of Veterans Affairs or any branch of the United States Armed Forces as  
37 to the veteran's permanent disability and receipt of 100% service-connected benefits. Upon  
38 request a disability placard may be issued at no fee. The Secretary of State may issue a  
39 registration certificate and special designating plates for more than one vehicle owned by  
40 a veteran eligible under this subsection.

41 These special designating plates must bear the words "Disabled Veteran," which indicate  
42 that the vehicle is owned by a disabled veteran.

43 **Sec. B-3. 29-A MRSA §1771** is enacted to read:

1           **§1771. Annual mileage reporting**

2           **1. Submission of annual mileage.** A certified inspection mechanic may submit the  
3           annual mileage of a motor vehicle to the department to be used for the calculation of the  
4           usage-based infrastructure fee established in Title 23, section 1863.

5           **2. Accurate reporting.** The department shall ensure the accurate reporting of annual  
6           mileage pursuant to Title 23, section 1863, subsection 1.

7           **Sec. B-4. 36 MRSA §1482, sub-§4,** as amended by PL 2013, c. 263, §2, is further  
8           amended to read:

9           **4. Maker's list price.** The maker's list price of a vehicle to be used must be obtained  
10          from sources approved by the State Tax Assessor, except for a truck or truck tractor  
11          described under subsection 1, paragraph C, subparagraph ~~(5)~~ (3). When the maker's list  
12          price of a vehicle is not readily obtainable the State Tax Assessor shall prescribe the maker's  
13          list price to be used or the manner in which the maker's list price is determined.

14          A. ~~At the time of payment of the excise tax prior to a new registration for a new~~  
15          ~~passenger vehicle purchased from a motor vehicle dealer licensed in any state for the~~  
16          ~~sale of new passenger vehicles, the owner shall submit the manufacturer's suggested~~  
17          ~~retail price sticker, or a copy of the sticker, to the excise tax collector. In the case of~~  
18          ~~rental and fleet vehicles, other documentation may be provided at the discretion of the~~  
19          ~~municipal excise tax collector.~~

20          This paragraph applies only to those vehicles for which a manufacturer's suggested  
21          retail price sticker is required by the Federal Government.

22          **Sec. B-5. 36 MRSA §1483,** as amended by PL 2023, c. 565, §1 and c. 646, Pt. A,  
23          §45, is further amended to read:

24          **§1483. Exemptions**

25          The following are exempt from the excise tax:

26          ~~1. State vehicles.~~ Vehicles owned by this State or by political subdivisions of the  
27          State;

28          ~~2. Driver education.~~ Motor vehicles registered by municipalities for use in driver  
29          education in the secondary schools or by private secondary schools for use in driver  
30          education in those schools;

31          ~~3. Volunteer fire departments.~~ Motor vehicles owned by volunteer fire departments;

32          ~~4. Dealers or manufacturers.~~ Vehicles owned by bona fide dealers or manufacturers  
33          of the vehicles that are held solely for demonstration and sale and constitute stock in trade;

34          ~~5. Transporter registration.~~ Vehicles to be lawfully operated on transporter  
35          registration certificates;

36          ~~6. Railroads.~~ Vehicles owned by railroad companies that are subject to the excise tax  
37          imposed under chapter 361;

38          ~~7. Benevolent and charitable institutions.~~ Vehicles owned and used solely for their  
39          own purposes by benevolent and charitable institutions entitled to exemption from property  
40          tax under section 652, subsection 1;

1           ~~**8. Literary and scientific institutions.** Vehicles owned and used solely for their own~~  
2 ~~purposes by literary and scientific institutions that are entitled to exemption from property~~  
3 ~~tax under section 652, subsection 1;~~

4           ~~**9. Religious societies.** Vehicles owned and used solely for their own purposes by~~  
5 ~~houses of religious worship or religious societies that are entitled to exemption from~~  
6 ~~property tax under section 652, subsection 1, paragraph G;~~

7           ~~**10. Certain nonresidents.** Motor vehicles permitted to operate without Maine~~  
8 ~~registration under Title 29-A, section 109;~~

9           ~~**11. Interstate commerce.** Vehicles traveling in the State only in interstate commerce~~  
10 ~~that are owned in a state where an excise or property tax has been paid on the vehicle and~~  
11 ~~that grants to Maine-owned vehicles the exemption provided in this subsection;~~

12           ~~**12. Certain veterans.** Automobiles owned by veterans who are granted free~~  
13 ~~registration of those vehicles by the Secretary of State under Title 29-A, section 523,~~  
14 ~~subsection 1 or who are disabled by injury or disease incurred or aggravated during active~~  
15 ~~military service in the line of duty and are receiving any form of pension or compensation~~  
16 ~~from the United States Government for total, service-connected disability;~~

17           ~~**13. Certain buses.** Buses used for the transportation of passengers for hire in interstate~~  
18 ~~or intrastate commerce, or both, by carriers engaged in furnishing common carrier~~  
19 ~~passenger service. At the option of the appropriate municipality, those buses may be~~  
20 ~~subject to the excise tax provided in section 1482;~~

21           ~~**14. Antique and experimental aircraft.** Antique and experimental aircraft as defined~~  
22 ~~in Title 6, section 3, subsections 10-A and 18-E that are registered in accordance with the~~  
23 ~~provisions of Title 6; and~~

24           ~~**15. Adaptive equipment.** Adaptive equipment installed on a motor vehicle owned by~~  
25 ~~a disabled person or the family of a disabled person or by a carrier engaged in furnishing~~  
26 ~~passenger service for hire to make that vehicle operable or accessible by a disabled person;~~  
27 ~~and.~~

28           ~~**16. Active military.** Vehicles owned, including those jointly owned with a spouse,~~  
29 ~~by a person on active duty serving in the Armed Forces of the United States who is~~  
30 ~~permanently stationed at a military or naval post, station or base in the State or outside the~~  
31 ~~State or who is deployed for military service for a period of more than 180 days or was~~  
32 ~~deployed for a period of at least 180 consecutive days, a portion or all of which occurred~~  
33 ~~in the 12 months preceding the request for an exemption from excise tax, and who did not~~  
34 ~~previously receive an exemption for that deployment. Joint ownership of the vehicle must~~  
35 ~~be indicated in the vehicle's title documentation. A member of the Armed Forces of the~~  
36 ~~United States, or that member's spouse, who desires to register that member's vehicle in~~  
37 ~~this State pursuant to this subsection shall present documentation of the member's~~  
38 ~~eligibility from the commander of the member's post, station or base, or from the~~  
39 ~~commander's designated agent. For purposes of this subsection, "person on active duty~~  
40 ~~serving in the Armed Forces of the United States" includes a member of the National Guard~~  
41 ~~or the Reserves of the United States Armed Forces as long as the person satisfies the service~~  
42 ~~requirements of this subsection. For purposes of this subsection, "deployed for military~~  
43 ~~service" has the same meaning as in Title 26, section 814, subsection 1, paragraph A.~~





1           3. It establishes, beginning July 1, 2027, a usage-based infrastructure fee. The usage-  
2 based infrastructure fee imposes a fee on a person who owns a motor vehicle for using  
3 public ways based on the type of motor vehicle and the annual mileage of the vehicle,  
4 maintained by the Department of Transportation.

5           4. It specifies that a person or a certified inspection mechanic during an annual motor  
6 vehicle inspection must report the annual mileage for the purposes of calculating the usage-  
7 based infrastructure fee. The department is responsible for establishing a digital reporting  
8 system for an owner of a motor vehicle to report the annual mileage on the motor vehicle  
9 and ensuring accurate vehicle mileage reporting.

10          5. It establishes the Maine Transportation Fund within the department for the purposes  
11 of maintaining and repairing roads, maintaining and repairing bridges and funding  
12 transportation infrastructure projects. The funds allocated to the fund may be transferred to  
13 municipalities and to the Highway Fund.

14          6. It requires the State Auditor to submit a biennial audit report to the joint standing  
15 committee of the Legislature having jurisdiction over transportation matters on the  
16 financial and operational impact of the usage-based infrastructure fee, including a  
17 comparison of municipal funding generated by the fees rather than excise taxes.

18          7. It requires the department to submit an annual report on the findings and  
19 recommendations regarding the compliance of the usage-based infrastructure fee, findings  
20 and recommendations regarding the effectiveness and equity of the usage-based  
21 infrastructure fee and the costs associated with the transition to and the administration of  
22 the usage-based infrastructure fee.

23          8. It requires, by January 1, 2026, the department to submit a plan to the joint standing  
24 committee of the Legislature having jurisdiction over transportation matters on the  
25 implementation of the usage-based infrastructure fee.

26          9. It requires, by January 1, 2035, the department to submit a report to the joint standing  
27 committee of the Legislature having jurisdiction over transportation matters on the findings  
28 and recommendations regarding the compliance, effectiveness and equity of the usage-  
29 based infrastructure fees.