

MAINE STATE LEGISLATURE

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STATE OF MAINE
LEGISLATIVE RESEARCH COMMITTEE

FIRST SUMMARY REPORT
TO THE
ONE HUNDRED AND FIFTH LEGISLATURE
VOLUME ONE

JANUARY, 1971



STATE OF MAINE
LEGISLATIVE RESEARCH COMMITTEE
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AUGUSTA, MAINE 04330

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January 1, 1971

To the Members of the 105th Legislature:

By statute the Legislative Research Committee is required to make or cause to be made such studies and investigations as the Legislature directs. In addition, the Committee is empowered to and has liberally exercised its own initiative by undertaking studies of matters pertaining to important issues of public policy and questions of state-wide interest. The Committee's ultimate objective is to assist the Legislature by submitting factual information pertinent to the questions involved along with such findings and recommendations for action or nonaction as the Committee deems desirable.

The Legislative Research Committee has inquired at great length and with serious purpose into those matters referred to it and hereby has the pleasure of submitting to you the first portion of its report on activities of the past two years. This report designated as Volume I deals with eight assigned topics and contains the findings and recommendations pursuant thereto. Reports relative to other matters ordered for study by action of the Legislature or undertaken by motion will appear in subsequent publications.

On behalf of the membership, I wish to express at this time our individual and collective appreciation to many individuals, organizations and persons in the service of the State whose assistance to the Committee in its studies and deliberations has made it possible to obtain information respecting the many problems confronting the Committee and without whose cooperation conclusions could not have been reached.

The members of the Committee also wish to express their appreciation for being chosen to participate in these assignments and sincerely hope the following reports will prove of benefit to the Members of the Legislature as well as the citizens of Maine.

Respectfully submitted,

A handwritten signature in cursive script that reads "William E. Dennett".

WILLIAM E. DENNETT, Chairman
Legislative Research Committee

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STATE OF MAINE
LEGISLATIVE RESEARCH COMMITTEE

REPORT ON
FUEL TAX REIMBURSEMENT
to the
ONE HUNDRED AND FIFTH LEGISLATURE

JANUARY, 1971
Legislative Research Committee
Publication 105-8

FUEL TAX REIMBURSEMENT & QUALITY CONTROL

ORDERED, the House concurring, that the Legislative Research Committee is directed to study the subject matter of the Bill, "An Act Relating to Reimbursement of Fuel Tax for Miles Traveled on Maine Turnpike," House Paper No. 371, Legislative Document No. 511, introduced at the regular session of the 104th Legislature, to determine whether the best interests of the State would be served by the adoption of such legislation; and be it further

ORDERED, that the Committee report the results of its study to the 105th Legislature.

SP 447	In Senate Chamber	House of Representatives
Letourneau	Read and Passed	Read and Passed
York	May 1, 1969	May 2, 1969
	Sent down for concurrence	In concurrence

SUBCOMMITTEE ON FUEL TAX REIMBURSEMENT

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At the regular legislative session of 1969 the One Hundred and Fourth Legislature by joint order, senate paper 447, directed the Legislative Research Committee, subsequent to an "ought not to pass report", to study the subject matter of "An Act Relating to Reimbursement of Fuel Tax for Miles Traveled on the Maine Turnpike", legislative document 511, for the purpose of determining on the basis of further study whether or not the best interests of the State would be served by adoption of such legislation.

Essentially, this legislative proposal provides, upon application, for rebates of certain fuel taxes under Title 36 MRSA, chapters 451 and 455, on fuel consumed by motor vehicles while traveling on toll roads of the Maine Turnpike Authority.

The Committee noted at the outset of its study that similar legislative proposals had also been considered and rejected by both the One Hundred and First and One Hundred and Third Maine Legislatures.

However, in response to the order the Committee held a public hearing on October 16, 1969 to provide an opportunity for all interested persons and agencies to present their views regarding the subject under study.

Proponents of this legislation, principally the Maine Truck Owner's Association, maintain that the Maine Turnpike is a "semi-private road", "out to bond holders" and "not owned by the State of Maine." Therefore, it is their feeling upon paying the third highest toll rate in the United States for use of this private road that under the proposed legislation the State is obligated to rebate the gas or fuel tax as is presently being done in the State of Massachusetts.

Among other factors, a feeling of double taxation was expressed along with repeated claims of unfairness to the trucking industry of paying a fuel tax over and above the toll and the use of this tax money for other highways and purposes.

Advocates of the rebate also placed great emphasis on the necessity of paying for the Maine Turnpike prior to completion of the free interstate highway system in the near future as well as the safety factor in using the Maine Turnpike voicing as high as 50% improvement in safety records through its use.

By removing this tax burden, amounting to approximately 20% discount, trucking industry spokesmen were of the opinion that truckers would then be able to use the Maine Turnpike in preference to U.S. Route 1 and other routes more frequently, thereby paying off turnpike bonds faster, holding insurance and freight rates down, speeding up shipments and service with a far greater margin of safety.

On the basis of opponent's testimony the Committee found that the Massachusetts Turnpike is the only instance in the country where such rebates are allowed. Further, in the language of the court, *First National Bank of Boston vs. the Maine Turnpike* 153 Me 131:

P. 155. The Maine Turnpike Authority is a creation of the legislature.

P. & S. 1941, c. 69; P. & S. 1947, c. 69; P. & S. 1949, c. 41; P. & S. 1951, c. 152; P. & S. 1953, c. 68, c. 91; P. & S. 1955, c. 201.

It is "a body both corporate and politic" and "shall be regarded as performing a governmental function."

The Authority "in order to facilitate vehicular traffic between the southwestern and northeastern section of the State of Maine" "for the benefit of the people of the State of Maine and for the improvement of their commerce and prosperity in which accomplishment the Authority will be performing essential governmental functions" was authorized to construct, operate and maintain a turnpike, with the approval of the State Highway Commission..... . Such authorization by the Legislature was tantamount to a "determination that the public exigency requires such a road."

It had to be a limited access road from its very design and purpose. Revenue bonds payable solely from tolls were sanctioned for the cost of construction. Such bonds were not to be a debt of the State of Maine, nor could the faith or credit of the State be at all pledged in their behalf. The turnpike, when paid for, was to become the property of the State, to be operated thereafter by the State Highway Commission.

P. 156. The turnpike was manifestly to be a type of public highway and the Authority was, in its legislative conception, a governmental agency with police power plainly conferred.

Aside from the legal status of the Maine Turnpike, the Committee found computed on a 7¢ motor fuel tax, that the Bureau of

Taxation estimated the proposed legislation would have resulted in a loss of General Highway Fund revenue of approximately \$1,400,000 for the remainder of the biennium, July 1, 1969 to June 30, 1971. In applying these estimates to the current gasoline tax now at 8¢ and assuming the cost for a future biennium operation, it would appear that these estimates would increase to an amount in excess of \$1,800,000. Also, it appears that there are certain administrative costs amounting to \$31,650 which are not reflected in these figures.

According to testimony of the State Highway Commission, this proposed reduction in highway revenue comes at a time when a very real concern with the need for highway revenue has been expressed by those interested in highway matters. Since construction activities are used as a balancing account in the highway budget, it would appear that any decrease in available funds as a result of the proposed reimbursement procedures would mean a decrease in the amount of funds available for highway construction in the State of Maine.

Despite proponent's claims that the trucking industry presently relies on U.S. Route 1 because it cannot afford to use the Maine Turnpike unless the fuel tax is rebated, survey data submitted to the Committee by the State Highway Commission showed that truck traffic on U.S. Route 1 between Biddeford and Kennebunk amounted to 830 trucks per day on an average basis in 1960, while the comparable figures in 1968 show a reduction to 460 trucks per day. In comparison, truck traffic on the Turnpike between Biddeford and

Kennebunk was some 430 trucks per day in 1960 and 1,240 trucks per day in 1968. The figures indicate, therefore, that truck traffic on U.S. Route 1 has been reduced by 50% over the past eight years, while truck traffic on the Maine Turnpike has nearly tripled during that period.

In respect to the fate of the Maine Turnpike once the interstate highway has been completed in the State of Maine, a representative of the State Highway Commission testified that before the schedule for the interstate system in the State of Maine finally developed there was a great deal of study and effort that was conducted partly by the consultants for the Maine Turnpike Authority and a general agreement was reached between the Federal Government and the State of Maine and the Maine Turnpike Authority relative to the scheduling of the Interstate. The consultant studies at that time indicated that even with the construction of the Interstate the bonds for the Maine Turnpike could be paid off by the year 1985, in the consultant's opinion. Since that time the revenues on the Maine Turnpike have far exceeded the estimates that were used in that study.

As the proponents maintained that the Maine Turnpike is the safest road south of Augusta and by utilizing it accident rates could be improved as much as 52% in one instance, the Committee gave little weight to arguments for reimbursement of the fuel tax on the basis of safety.

Although the issue of double taxation was raised at one point in the hearing, such matters are within the province of the courts and not to be considered here.

After hearing and examining all aspects of the testimony the Committee came to a unanimous conclusion that legislation related to reimbursement of fuel tax for miles traveled on the Maine Turnpike is not appropriate at this time and therefore recommends no further legislative action.