

# MAINE STATE LEGISLATURE

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# ONE HUNDRED AND FOURTH LEGISLATURE

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**Legislative Document**

**No. 1386**

H. P. 1054

House of Representatives, March 12, 1969

Referred to Committee on Taxation. Sent up for concurrence and ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mr. Cox of Bangor.

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## STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SIXTY-NINE

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### AN ACT Relating to the Jet Fuel Tax.

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Be it enacted by the People of the State of Maine, as follows:

**Sec. 1. R. S., T. 36, § 1760, sub-§ 8, amended.** Subsection 8 of section 1760 of Title 36 of the Revised Statutes is amended to read as follows:

**8. Motor vehicle fuel.** Sales of gasoline and motor fuels upon which a tax is now imposed by the State, or any other state or province, but the tax payable upon such fuels not used by vehicles on the highway shall be deducted from any refund of the gasoline tax sought by the purchaser; **however, internal combustion engine fuel as defined in section 2902 bought and used for the purpose of propelling jet or turbo jet engine aircraft shall not be exempt.**

**Sec. 2. R. S., T. 36, § 2903, amended.** The first sentence of section 2903 of Title 36 of the Revised Statutes is amended to read as follows:

An excise tax is levied and imposed at the rate of 7¢ per gallon upon internal combustion engine fuel sold or used within this State, including such sales when made to the State or any political subdivision thereof, for any purpose whatsoever, excepting such internal combustion engine fuel sold or used in such form and under such circumstances as shall preclude the collection of this tax by reason of the laws of the United States, or sold wholly for exportation from the State, or brought into the State in the ordinary standardized equipment fuel tank attached to and forming a part of a motor vehicle and used in the operation of such vehicle within the State, **except that the rate shall be 1¢ per gallon upon internal combustion engine fuel as defined in**

section 2902 bought and used by any person, association of persons, firm or corporation for the purpose of propelling jet or turbo jet engine aircraft.

Sec. 3. R. S., T. 36, § 2911, repealed. Section 2911 of Title 36 of the Revised Statutes is repealed.

### STATEMENT OF FACTS

This bill would tax jet aviation fuel at the rate of one cent per gallon, rather than at the rate of 7¢ per gallon with a 5¢ per gallon refund as at present. It would also continue the taxability of such fuel under the sales and use tax law as at present.

Recent development at the former Dow Air Force Base in Bangor, involving flight crew training programs by commercial carriers, have resulted in a large increase in the use of jet fuel, unanticipated at the time budget figures were originally developed. On the basis of the original budget figures, the bill would result in a loss of aeronautical revenue from jet fuel of approximately \$22,000 the first year of the biennium and \$27,000 the 2nd year of the biennium; with no appreciable effect on sales tax revenue.

However, based on the rapidly increasing use of jet fuel which began in the latter part of 1968, and the assumption that the bill would, if anything, encourage such increased consumption, aeronautical revenue under the bill for the first year of biennium is estimated to produce no appreciable additional revenue; however, for the 2nd year of biennium, additional revenue is estimated to be \$17,000, and additional sales tax revenue is estimated to be \$40,000 for the first year of biennium and \$39,000 for the 2nd year of biennium.