

MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 2241

H. P. 2078

House of Representatives, February 24, 1976

Reported by Mr. Davies from the Committee on Energy, pursuant to H. P. 1728 and printed under Joint Rules No. 3.

EDWIN H. PERT, Clerk

Filed under Joint Rule 3, pursuant to H. P. 1728.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SIX

AN ACT to Increase the Excise Tax on Motor Vehicles According to Their
Consumption of Gasoline.

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

36 MRSA § 1482, sub-§ 1, ¶ C, sub-¶ (4) is enacted to read:

(4) Tax surcharge. In addition to the excise tax imposed by this paragraph, there shall be levied a tax surcharge in the following amounts according to the gasoline consumption of each automobile with a seating capacity of not more than 8 persons.

Miles per gallon	Years			
	1977	1978	1979	1980
20 and over	—	—	—	—
19	—	—	—	\$100
18	—	—	\$100	200
17	—	\$100	200	300
16	\$100	200	300	450
15	200	350	450	650
14	350	500	650	850
13	550	700	900	1,100
Under 13	800	1,100	1,200	1,400

Miles per gallon for each model type shall be the final economy figure established for each model type of the Environmental Protection Agency in compliance with Section 503 of P.L. 94-163, the 1976 Energy Policy and Conservation Act. This tax surcharge will be imposed on all automobiles manufactured in model year 1977 and thereafter.

FISCAL NOTE

Using an estimate of 40,000 cars to be sold and assuming that 80% of these will have an Environmental Protection Agency rating of at least 17 miles per gallon, results in 8,000 automobiles that would be subject to this surcharge with the following possible breakdown.

M.P.G.	No. of Automobiles	Surcharge	Revenue
16	3,000	@ \$100 =	\$ 300,000
15	2,000	@ 200 =	400,000
14	2,000	@ 350 =	1,600,000
13	1,000	@ 550 =	550,000
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			\$2,850,000

Revenue from the excise tax is used for municipal purposes.

STATEMENT OF FACT

This bill provides a per car excise tax surcharge beginning with cars manufactured in model year 1977. The amount of tax is determined by each car's fuel economy. This legislation grew out of the Joint Standing Committee on Energy 1976 study, An Automobile Conservation Tax. This study stated in part:

The New England Governor's energy policy establishes a target date of 1985 by which New England will reduce its dependence on oil by 20%. Currently 81% of New England's energy needs compared to the national average of 47% are supplied by petroleum. Foreign oil comprises the bulk of petroleum used in New England. New England energy prices are 35-40% higher than the national average which is due, in part, to the high costs of oil.

Maine is the 3rd largest user of petroleum in New England in regard to the total consumption of oil.

OIL CONSUMPTION IN NEW ENGLAND

1974 - 1975
(in millions of barrels)

	1974	1975 (estimated)
Connecticut	99	152.4
Maine	43.3	66.7
Massachusetts	197.3	303.7
New Hampshire	24.2	37.2
Rhode Island	25.2	38.8
Vermont	12.4	19.1
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Total	221.4	617.9
20% savings		494.3

Statistics provided by the Federal Energy Administration point out that Maine is tied with Massachusetts for 2nd place in regard to the dependence of each New England state upon petroleum as an energy source. In 1973, 85% of Maine's and Massachusetts' energy supply was derived from petroleum. Maine compared very favorably, however, with the other states in regard to the percentage of its total petroleum supply that is used for gasoline. Seventeen percent of Maine's petroleum supply is used as gasoline compared to 20% for Massachusetts and 28% for Vermont.

In 1974, roughly 38,000 new automobiles were sold in Maine compared to approximately 48,000 new car sales in 1973. Approximately 35,500 of the 38,000 automobiles sold in Maine were domestic cars. According to statistics provided by the Polk Institute to the Division of Motor Vehicles, roughly 30% of the automobiles sold in Maine in 1974 were gasoline conserving automobiles (18 mpg—city driving).

One means to reduce the United States' New England's dependence on oil is to initiate a gasoline conservation program. Presently, gasoline comprises 21% of the energy used in New England compared to the national average of 18%. The United States Congress recently enacted legislation that requires automobile manufacturers to increase the miles per gallon attained by new automobiles. The following schedule has been established:

MODEL YEAR	Average fuel economy of the Total Fleet Manufactured (in miles per gallon)
1978	18.0
1979	19.0
1980	20.0
1981-1984	To be determined by the Secretary of Transportation
1985	27.5

Critics of the legislation, led by Senator Ribicoff of Connecticut, pointed out that "the weakness of this measure is that it is a fleet standard applying across an entire manufacturer's line of cars. There is no gas guzzler provision. If a manufacturer meets the required mileage standards computed for his entire fleet... he... can continue to produce his most inefficient models. ... The provision saves virtually no gasoline in this decade and even in 1985 would only save 500,000 barrels a day..."