

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 1119
6

7 H.P. 786

House of Representatives, March 22, 1985

8 Submitted by the Department of Conservation pursuant to Joint Rule 24.
9 Referred to the Committee on Taxation. Sent up for concurrence and
ordered printed.

10 EDWIN H. PERT, Clerk

Presented by Representative Higgins of Portland.

11 Cosponsored by Representative Danton of York, Senator Twitchell of
Oxford and Representative Theriault of Fort Kent.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FIVE
16

17 AN ACT to Exempt State Agencies from the
18 State Gasoline Excise Tax.
19

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

22 Sec. 1. 36 MRSA §2903, sub-§1, as enacted by PL
23 1983, c. 852, §4, is amended to read:

24 1. Excise tax levied. Except as provided in
25 subsection 2, an excise tax is levied and imposed at
26 the rate of 14¢ per gallon upon internal combustion
27 engine fuel sold or used within this State, including
28 these sales when made to the State or any political
29 subdivision thereof, for any purpose whatsoever, ex-
30 cept the ~~internal combustion engine fuel~~ when sold or
31 used in such form and under such circumstances as
32 shall preclude the collection of this tax by reason
33 of the laws of the United States, or when sold wholly
34 for exportation from the State, or when brought into
35 the State in the ordinary standardized equipment fuel
36 tank attached to and forming a part of a motor vehi-

1 cle and used in the operation of that vehicle within
2 the State, except that no tax may be levied upon in-
3 ternal combustion engine fuel, as defined in section
4 2902, when bought or used by any person, association
5 of persons, firm or corporation for the purpose of
6 propelling jet or turbojet engine aircraft, or sold
7 wholly for exportation from the State, or when
8 brought into the State in the fuel tanks of an air-
9 craft, or on or after July 1, 1983, when sold in bulk
10 to the State or any political subdivision of the
11 State. On the same fuel only one tax shall be paid
12 to the State, for which tax the distributor first re-
13 ceiving the fuel in the State shall be primarily lia-
14 ble to the State, except when that fuel has been sold
15 and delivered to a licensed exporter wholly for ex-
16 portation from the State, or to another distributor
17 in the State, in which case the purchasing distribu-
18 tor shall be primarily liable to the State for the
19 tax.

20 Internal combustion fuel, as defined in section 2902,
21 which is held by retailers at the close of March 31,
22 1983, shall be subject to the 14¢ per gallon tax
23 rate. Retailers, as defined in section 1752, subsec-
24 tion 10, shall be liable for the difference between
25 the 14¢ per gallon tax rate and the 9¢ per gallon tax
26 rate in effect prior to April 1, 1983. Payment shall
27 be made to the State Tax Assessor before May 15,
28 1983, and it shall be accompanied by the appropriate
29 completed form described by the State Tax Assessor.

30 Sec. 2. 36 MRSA §2910-A, as amended by PL 1983,
31 c. 438, §2, is further amended to read:

32 §2910-A. Refunds to the State and political
33 subdivisions

34 Any political subdivision of the State which buys
35 and uses any internal combustion engine fuel as de-
36 fined in section 2902, on or after April 1, 1983, but
37 before July 1, 1983, shall be reimbursed in the
38 amount of 5¢ per gallon for internal combustion en-
39 gine fuel on which the tax levied as provided by this
40 chapter has been paid, and The State or any political
41 subdivision of the State which buys and uses any in-
42 ternal combustion engine fuel, as defined in section
43 2902, on or after July 1, 1983, and which has paid a

1 tax levied as provided by this chapter is entitled to
2 a reimbursement of the tax paid. In either case, the
3 tax which may have been levied either directly by the
4 collection of the tax by the vendor from the consumer,
5 or indirectly by adding the amount of the tax to
6 the price of the fuel and paid by the consumer, shall
7 be reimbursed in the amount of the tax paid upon presenting
8 to the State Tax Assessor a statement accompanied by the original
9 invoices showing purchases. Applications for refunds shall be filed with the
10 State Tax Assessor within 12 months from the date of
11 purchase.
12

13 Sec. 3. 36 MRSA §3203, as repealed and replaced
14 by PL 1983, c. 817, §7 and as amended by PL 1983, c.
15 828, §8, is repealed and the following enacted in its
16 place:

17 §3203. Tax levied

18 An excise tax is levied and imposed upon all suppliers
19 of special fuel sold and on all users of special fuel used in this State on each gallon of distillate at the rate prescribed in section 2903 and on each gallon of low-energy fuel at the rate prescribed in section 2903, less 1¢, excluding bulk sales of special fuel made to the State or any political subdivision of the State; the special fuel sold or used in such form and under such circumstances as shall preclude the collection of this tax by reasons of the laws of the United States; sold only for exportation from this State; brought into the State in a noncommercial vehicle having a standard fuel tank capacity of 30 gallons or less owned by a nonresident; delivered into a tank used solely for heating or cooking purposes, sold for resale to a licensed or registered supplier; and sold to a person for the generation of power for resale or manufacturing. Where special fuel is delivered by a supplier on a consignment basis to a consumer or to a retail outlet, whether the retail outlet is wholly owned by the supplier or not, it shall be considered to have been "sold" within the meaning of the Special Fuel Tax Act. All taxes collected under this section shall be credited to the Highway Fund. Where kerosene is delivered into a separate tank for retail sale, the excise tax is not to be collected by the supplier, rather licensed users
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1 shall remit the tax in accordance with section 3207.

2 Sec. 4. 36 MRS §3208-A, as enacted by PL 1983,
3 c. 438, §5, is amended to read:

4 §3208-A. Refunds to the State or political
5 subdivisions

6 ~~Any~~ The State or any political subdivision of the
7 State which buys and uses special fuel as defined in
8 section ~~3201~~ 3202, and which has paid a tax levied as
9 provided by this chapter either directly by the col-
10 lection of the tax by the vendor from the consumer,
11 or indirectly by adding the amount of the tax to the
12 price of the fuel and paid by the consumer, shall be
13 reimbursed in the amount of the tax paid upon pre-
14 senting to the State Tax Assessor a statement accom-
15 panied by the original invoices showing purchases.
16 Applications for refunds shall be filed with the
17 State Tax Assessor within 12 months from the date of
18 purchase.

19 STATEMENT OF FACT

20 The State is exempt from federal gasoline and
21 special fuel excise taxes, as are political subdivi-
22 sions. In addition, political subdivisions are ex-
23 empt from all fuel taxes imposed by the State on bulk
24 fuel purchases, while the State is exempt only on the
25 bulk purchases of special fuel and is required to pay
26 the tax on bulk purchases of gasoline. Political sub-
27 divisions are eligible for a refund on any fuel tax
28 paid at the pump, the State is not. This bill extends
29 the same privileges to state agencies as are current-
30 ly available to political subdivisions by exempting
31 state agencies from the state excise tax on bulk pur-
32 chases of gasoline and by providing a refund of any
33 fuel tax required to be paid at the pump.

34 This bill results in state agencies that are
35 funded out of the General Fund retaining approximate-
36 ly \$24,000 a year that otherwise would be transferred
37 to the Highway Fund. Approximately \$140,000, which
38 at any given time is currently tied up in the process
39 of transferring taxes from Highway Fund agencies to

1 bulk distributors of gasoline and back to the Highway
2 Fund, will become available to Highway Fund agencies
3 on a one time basis.

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