

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1981

H.P. 1470 House of Representatives, January 7, 1988
Approved for introduction by a majority of the
Legislative Council pursuant to Joint Rule 26.

Reference to the Committee on Taxation suggested and
ordered printed.

EDWIN H. PERT, Clerk
Presented by Representative DIAMOND of Bangor.

Cosponsored by Representatives DUFFY of Bangor, HOGLUND
of Portland, and Senator GILL of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-EIGHT

1 AN ACT to Replace the Sales Tax with an Excise Tax
2 on Jet Fuel Used by Turbine-Powered Aircraft
3 Providing Commercial Air Service in Maine.
4

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

7 Sec. 1. 36 MRSA §1760, sub-§8, ¶B, as amended
8 by PL 1983, c. 852, §2, is further amended to read:

9 B. Internal combustion engine fuel, as defined in
10 section 2902, bought and used for the purpose of
11 propelling jet or turbojet engine aircraft in
12 ~~international-flights~~; and

1 Sec. 2. 36 MRSA §2903, sub-§1, as enacted by PL
2 1983, c. 852, §4, is amended to read:

3 1. Excise tax levied. Except as provided in
4 subsection 2, an excise tax is levied and imposed at
5 the rate of 14¢ per gallon upon internal combustion
6 engine fuel sold or used within this State, including
7 these sales when made to the State or any political
8 subdivision thereof, for any purpose whatsoever,
9 except the internal combustion engine fuel sold or
10 used in such form and under such circumstances as
11 shall preclude the collection of this tax by reason of
12 the laws of the United States, or sold wholly for
13 exportation from the State, or brought into the State
14 in the ordinary standardized equipment fuel tank
15 attached to and forming a part of a motor vehicle and
16 used in the operation of that vehicle within the
17 State, except that the rate shall be 3¢ per gallon
18 upon internal combustion engine fuel, as defined in
19 section 2902, bought or used by any person,
20 association of persons, firm or corporation for the
21 purpose of propelling jet or turbojet engine aircraft,
22 not for international flights, and except that no tax
23 may be levied upon internal combustion engine fuel, as
24 defined in section 2902, bought or used by any person,
25 association of persons, firm or corporation for the
26 purpose of propelling jet or turbojet engine aircraft,
27 for international flights, or sold wholly for
28 exportation from the State, or brought into the State
29 in the fuel tanks of an aircraft, or on or after July
30 1, 1983, sold in bulk to any political subdivision of
31 the State. On the same fuel only one tax shall be
32 paid to the State, for which tax the distributor first
33 receiving the fuel in the State shall be primarily
34 liable to the State, except when that fuel has been
35 sold and delivered to a licensed exporter wholly for
36 exportation from the State, or to another distributor
37 in the State, in which case the purchasing distributor
38 shall be primarily liable to the State for the tax.

39 Internal combustion fuel, as defined in section 2902,

1 which is held by retailers at the close of March 31,
2 1983, shall be subject to the 14¢ per gallon tax
3 rate. Retailers, as defined in section 1752,
4 subsection 10, shall be liable for the difference
5 between the 14¢ per gallon tax rate and the 9¢ per
6 gallon tax rate in effect prior to April 1, 1983.
7 Payment shall be made to the State Tax Assessor before
8 May 15, 1983, and it shall be accompanied by the
9 appropriate completed form described by the State Tax
10 Assessor.

11

STATEMENT OF FACT

12 Maine competes with other New England states, New
13 York and Pennsylvania for jet fuel business. Maine
14 currently imposes a 5% sales tax on all but
15 international flights. Since Massachusetts, New
16 Hampshire, Vermont, New York and Pennsylvania do not
17 have a sales tax, most airlines purchase their jet
18 fuel out of state, not in Maine.

19 This bill establishes a 3¢ a gallon excise tax on
20 domestic flights instead of the 5% sales tax. It
21 assures that the State will continue to receive at
22 least the \$300,000 it presently collects annually.
23 Additional tax revenues will occur as jet fuel sales
24 increase. The tax treatment also provides the
25 airlines presently serving the State; that is, Delta,
26 Continental, U. S. Air, United, Eastern Express and
27 Federal Express, with the opportunity to competitively
28 purchase fuel at one of our airports. The bill
29 provides the industry with a predictable and
30 stabilized tax and creates additional jobs at several
31 Maine airports.

32 Oil prices are depressed and are expected to
33 increase dramatically within the next year. Increased
34 oil prices will cause the airlines presently
35 purchasing oil in the State to purchase their fuel and
36 related services in a state without a sales tax.

37 This bill assures that airlines presently
38 purchasing fuel in the State will continue to do so

1 and will minimize fuel related increases in consumer
2 air fares.

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