

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1709

H.P. 1168

House of Representatives, April 25, 1991

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

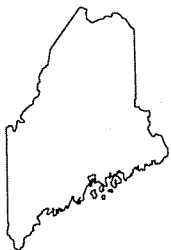
Presented by Representative HOLT of Bath.

Cosponsored by Representative HEESCHEN of Wilton and Representative PFEIFFER of Brunswick.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

An Act to Promote Motor Vehicle Fuel Efficiency.



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

2
4 **Sec. 1. 10 MRSA §1192, sub-§§3 and 4**, as enacted by PL 1989, c. 51, are amended to read:

6 **3. Transportation charges.** The amount, if any, charged to the dealer for transportation of the motor vehicle to the location at which it is delivered to the dealer; and

10 **4. Total amount.** The total of the amounts specified pursuant to subsections 1, 2 and 3; and

12 **Sec. 2. 10 MRSA §1192, sub-§5** is enacted to read:

14 **5. Sales tax.** When applicable, the sales tax rate assigned by the State Tax Assessor pursuant to Title 36, chapter 214, for that automobile, van or light truck on a colored sticker of no less than 8 1/2 inches by 11 inches. The sticker must be placed on the vehicle window next to the price sticker for the vehicle and must contain, across its top, in characters no shorter than 1/2 inch, the following message:

22 "The State of Maine has set the following sales tax rate for this vehicle model:"

26 The statement must be followed by the assigned sales tax rate, expressed as a percentage of the sales price of the vehicle, in characters no shorter than 4 inches. Below the sales tax rate, in characters no shorter than 1/4 inches, the following message must appear:

32 "This rate is based on the fuel efficiency of this model in comparison with other vehicle models of its size class. Under Maine law, the sales tax for vehicle models ranges from as low as 0% for the most fuel-efficient vehicles to as high as 10% for the least fuel-efficient vehicles. See price sticker for actual EPA mileage estimate for this vehicle."

40 **Sec. 3. 36 MRSA §1811, first ¶**, as repealed and replaced by PL 1989, c. 871, §16, is amended to read:

42 A tax is imposed on the value of all tangible personal property and taxable services sold at retail in this State. The rate of tax is 10% on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43; 7% on the value of rental of living quarters in any hotel, rooming house, tourist or trailer camp and rental for a period of less than one year of an automobile; a variable percentage between 0% and 10% on certain motor vehicles as set forth in chapter 214; and 5% on the value of all other tangible personal property and taxable services. Value is measured by the sale price, except as otherwise provided.

2 Sec. 4. 36 MRS c. 214 is enacted to read:

4 CHAPTER 214

6 VARIABLE SALES TAX FOR MOTOR VEHICLES

8 §1831. Applicability

10 Effective September 1, 1992, a variable sales tax at a rate
12 between 0% and 10% is imposed on the sale in this State of any
new passenger automobile, van or light truck.

14 §1832. Schedule of tax rates

16 The State Tax Assessor shall establish annually a schedule
18 of the following:

20 1. Size classes. Size classes for each type of vehicle,
relying on the size classes determined by the Federal Government;

22 2. Fuel efficiencies. Fuel efficiencies for each vehicle
24 make within each size class, based on the miles per gallon
26 ratings for city driving as determined by the Federal Government
28 for vehicles powered by gasoline or diesel fuel. The State Tax
Assessor shall establish a separate schedule for models powered
by fuels other than gasoline or diesel fuel in such a way as to
promote fuel efficiency and to minimize fuel emissions; and

30 3. Sales tax rate. A sales tax rate for each size class of
32 new passenger automobiles, vans and light trucks based upon the
34 schedule of relative fuel efficiencies in order to encourage the
36 purchase of the most fuel-efficient vehicles within each size
38 class. The most fuel-efficient models are assessed as low as 0%
40 and the least fuel-efficient models are assessed as high as 10%.
42 In setting the range of excise rates for models within each size
44 class the State Tax Assessor shall primarily consider the extent
46 to which models vary in fuel efficiency within that size class;
the State Tax Assessor may also consider the fuel efficiency of
the size class in comparison to other size classes. Using data
on past sales patterns of vehicle models in the State and making
such assumptions as to future consumer behavior as are necessary,
the State Tax Assessor shall annually adjust the sales tax rates
so that the total sales tax to be collected for all new passenger
automobiles, vans and light trucks is calculated over time to
average 5% per vehicle.

48 §1833. Report to Legislature

50 The State Tax Assessor shall make the following reports to
52 the Legislature.

1. Methodology. The State Tax Assessor shall develop a methodology for determining the sales tax rates for vehicles covered by this chapter and shall, by March 15, 1992, make a report on this methodology to the joint standing committee of the Legislature having jurisdiction over taxation matters.

2. Annual report. The State Tax Assessor shall monitor the effects of the variable sales tax on motor vehicle sales in the State and on revenue yields and by December 31st of each year shall file with the joint standing committee of the Legislature having jurisdiction over taxation matters and the joint standing committee of the Legislature having jurisdiction over energy and natural resource matters a report of the status of these effects and any recommendations the State Tax Assessor has for achieving or maintaining the goals of this chapter.

Sec. 5. Effective date. Sections 1 to 3 of this Act take effect on September 1, 1992.

STATEMENT OF FACT

This bill replaces the current 5% sales tax on certain motor vehicles, automobiles, vans and light trucks with a variable sales tax of 0% to 10% based on the fuel efficiency of the vehicle relative to others in its size class. The bill requires the State Tax Assessor to develop a methodology for doing this that assures no net loss from the sales tax revenues that would be realized if the 5% tax applied to all the vehicles. Dealers are required to post this sales tax information next to the sticker price on each vehicle.