

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

SECOND REGULAR SESSION-2000

Legislative Document

No. 2568

H.P. 1832

House of Representatives, February 15, 2000

An Act to Provide Temporary Relief from the Excise Tax on Diesel Fuel.

(AFTER DEADLINE)

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative WINSOR of Norway.

Cosponsored by Representative KNEELAND of Easton, Senator: MICHAUD of Penobscot.

2 **Emergency preamble. Whereas,** Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4 **Whereas,** cold weather combined with low inventories of oil
6 in the United States has caused an increase of oil prices to
record levels in Maine and the rest of the United States; and

8 **Whereas,** this increase in oil prices has caused the price
10 of distillates, or "diesel fuel," to increase by approximately
10¢ per week for the last month, and an increase of 11¢ to 18¢
12 over the weekend of February 5 and 6, 2000, leading to a
historical high average price for distillates in Maine of \$2 per
14 gallon; and

16 **Whereas,** the high price of distillates has directly and
adversely affected the trucking industry by forcing many truckers
18 to stop moving until the price of distillates decreases and
causing those truckers that continue to operate to suffer losses
20 that could lead to bankruptcy; and

22 **Whereas,** this inaction by the trucking industry will
adversely affect consumers in Maine by causing some goods, such
24 as produce, to become unavailable or prohibitively expensive; and

26 **Whereas,** although it is predicted that oil prices will
decrease in the future, relief is needed immediately to prevent
28 permanent damage to the trucking industry and to Maine citizens;
and

30 **Whereas,** in the judgment of the Legislature, these facts
32 create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
34 necessary for the preservation of the public peace, health and
safety; now, therefore,

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

38 **Sec. 1. Definitions.** As used in this Act, unless the context
40 indicates otherwise, the following terms have the following
meanings.

42 **1. Bureau.** "Bureau" means the Department of
44 Administrative and Financial Services, Bureau of Revenue Services.

46 **2. Distillates.** "Distillates" means all combustible gases
and liquids used in an internal combustion engine, except
48 low-energy fuel and the fuel subject to the tax imposed by the
Maine Revised Statutes, Title 36, chapter 451.

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2 **3. Excise tax.** "Excise tax" means the excise tax imposed
on distillates pursuant to the Maine Revised Statutes, Title 36,
section 3203.

4
6 **4. Retail dealer.** "Retail dealer" means a business in this
State that sells distillates at the retail level.

8 **5. Supplier.** "Supplier" means a business that sells
distillates to retail dealers in this State.

10
12 **6. Suspension date.** "Suspension date" means the date upon
which the suspension of excise taxes begins.

14 **7. Suspension period.** "Suspension period" means 30 days
from the suspension date during which the excise tax is not
levied or, if the suspension is extended pursuant to section 3 of
this Act, 45 days from the suspension date.

18
20 **Sec. 2. Temporary relief from excise tax.** Beginning on the 5th
business day, excluding weekends, following the effective date of
this Act, notwithstanding the Maine Revised Statutes, Title 36,
section 3203, no state or local excise tax may be imposed on
distillates sold in this State for a period of 30 days and,
notwithstanding Title 36, section 3209, subsection 2, gallons
reported as fuel used within this State are also exempt from the
excise tax.

28 **Sec. 3. Extension of temporary relief.** Two days prior to the end
of the 30-day period described in section 2 of this Act, the
Governor shall determine the average retail price of distillates
in Maine for that date. If the average price, including the
excise tax, is in excess of \$1.50 per gallon, the Governor
immediately shall notify the Legislature and the bureau of the
average price and the suspension of the excise tax imposed
pursuant to section 2 of this Act is extended for 15 days beyond
the initial 30-day suspension period.

38 **Sec. 4. Notice to suppliers and retailers; inventory determination;
refunds and payments.** The bureau shall notify suppliers and
retail dealers of the provisions of this Act as follows.

42 **1. Suppliers.** The bureau shall notify all suppliers that
the excise tax has been suspended for at least 30 days, of the
suspension date as specified in section 1 of this Act and that,
as of the beginning of the suspension period, the supplier shall
stop collecting the excise tax until further notice by the
bureau. The supplier shall decrease the price of distillates
sold to retail dealers by 23¢ per gallon as of the suspension
date to reflect the suspension of the excise tax. After the
suspension period, the supplier shall add the excise tax to the
price of the distillates.

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2 If the suspension period is not extended pursuant to section 3 of
3 this Act, the bureau shall notify all suppliers of the date upon
4 which the suppliers shall begin to collect the excise tax. If
5 the suspension period is extended pursuant to section 3 of this
6 Act, the bureau shall notify all suppliers that the suspension is
7 in effect for another 15 days and shall give the date upon which
8 the suppliers shall begin to collect the excise tax.

10 **2. Retail dealers.** The bureau shall notify all retail
11 dealers that they must determine the amount of fuel on hand upon
12 which the excise tax has been paid as of the suspension date and
13 the amount of fuel on hand at the end of the suspension period.
14 Each retail dealer shall reduce the price of distillates by 23¢
15 per gallon as of the suspension date to reflect the suspension of
16 the excise tax. After the suspension period, the retail dealer
17 shall add the excise tax to the price of the distillates.

18 **3. Refunds; payments.** At the end of the suspension period,
19 the bureau shall provide reconciliation forms to all retail
20 dealers so that they may determine and record the number of
21 gallons of distillates purchased and sold by the retail dealers
22 during the suspension period and whether each retail dealer is
23 entitled to a refund of the excise tax paid or must pay the
24 excise tax. If the number of gallons on hand at the beginning of
25 the suspension period exceeds the number of gallons on hand at
26 the end of the suspension period, a retail dealer may apply to
27 the bureau for a refund of the excise tax paid on the
28 difference. If the number of gallons on hand at the beginning
29 of the suspension period is less than the number of gallons on
30 hand at the end of the suspension period, a retail dealer shall
31 pay the excise tax on the difference. A retail dealer shall file
32 the reconciliation form with the bureau and pay any tax due no
33 later than May 1, 2000.

34 **Sec. 5. Sales tax exemption.** Notwithstanding the Maine Revised
35 Statutes, Title 36, Part 3, distillates sold for on-road use
36 during this suspension period are exempt from sales tax.

38 **Sec. 6. Transfer for loss of highway funds due to suspension of**
39 **distillates excise tax.** By June 1, 2000, the bureau shall notify the
40 Treasurer of State of the amount of revenue lost due to the
41 suspension of the excise tax pursuant to this Act. By June 30,
42 2000, the Treasurer of State shall transfer from the General Fund
43 to the Highway Fund an amount equal to the amount reported by the
44 bureau.

46 **Emergency clause.** In view of the emergency cited in the
47 preamble, this Act takes effect when approved.

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SUMMARY

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4 This bill provides immediate relief to the trucking industry
6 in Maine by suspending the excise tax of 23¢ per gallon imposed
8 on distillates, also known as "diesel fuel." The suspension is
10 for 30 days, but may be extended for 15 more days if the Governor
12 determines that the retail price of distillates has not decreased
14 below \$1.50 per gallon. The Department of Administrative and
16 Financial Services, Bureau of Revenue Services is required to
 provide notice of the provisions of this bill to suppliers and
 retail dealers of distillates.

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14 This bill transfers from the General Fund to the Highway
16 Fund the amount of revenue lost due to the suspension of the
 distillates excise tax, as determined by the Bureau of Revenue
 Services.