

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 664

H.P. 494

House of Representatives, February 11, 2003

An Act To Make Changes to the Laws Governing the Tax on Motor Fuel

Reference to the Committee on Transportation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative MCKENNEY of Cumberland.
Cosponsored by Representative: COLLINS of Wells.

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

4 **Sec. 1. 36 MRSA §2903, sub-§1**, as amended by PL 2001, c. 688,
§1, is further amended to read:

6 **1. Excise tax imposed.** An excise tax is imposed on
8 internal combustion engine fuel used or sold within this State,
including sales to the State or a political subdivision of the
10 State, at the rate of ~~22¢~~ 24¢ per gallon, except that the rate is
3.4¢ per gallon on internal combustion engine fuel, as defined in
12 section 2902, bought or used for the purpose of propelling jet or
turbojet engine aircraft. ~~The tax rate provided by this section~~
14 ~~is subject to annual inflation adjustment pursuant to section~~
~~3321 except with respect to the tax imposed upon fuel bought or~~
16 ~~used for the purpose of propelling jet or turbojet engine~~
~~aircraft.~~

18 **Sec. 2. 36 MRSA §2903, sub-§1-C**, as enacted by PL 2001, c.
20 688, §3, is amended to read:

22 **1-C. Inventory tax.** On the date that any increase in the
rate of tax imposed under this chapter takes effect, an inventory
24 tax is imposed by this subsection upon all internal combustion
engine fuel that is held in inventory by a distributor or retail
26 dealer as of the end of the day prior to that date with respect
to which the tax imposed pursuant to subsection 1 has been paid.
The inventory tax is computed by multiplying the number of
28 gallons of tax-paid fuel held in inventory by the difference
between the tax rate already paid and the new tax rate.
30 Distributors and retail dealers that hold such tax-paid inventory
shall make payment of the inventory tax on or before the 15th day
32 of the next calendar month, accompanied by a form prescribed and
furnished by the State Tax Assessor. ~~In the event of a decrease~~
34 ~~in the tax rate, the distributor or retail dealer is entitled to~~
~~a refund or credit, which must be claimed on a form designed and~~
36 ~~furnished by the assessor.~~ This section does not apply to
internal combustion engine fuel purchased or used for the purpose
38 of propelling jet or turbojet engine aircraft.

40 **Sec. 3. 36 MRSA §3203, sub-§1**, as amended by PL 2001, c. 688,
42 §5, is further amended to read:

44 **1. Generally.** Except as provided in section 3204-A, an
excise tax is levied and imposed on all suppliers of distillates
46 sold, on all retailers of low-energy fuel sold and on all users
of special fuel used in this State for each gallon of distillate
48 at the rate of ~~23¢~~ 24¢ per gallon and for each gallon of
low-energy fuel based on the British Thermal Unit, referred to in
this subsection as "BTU," energy content for each fuel as
50 compared to gasoline. ~~In the case of distillates, the tax rate~~

provided--by--this--section--is--subject--to--annual--inflation
adjustment--pursuant--to--section--3321.--Applicable-BTU These values
are as follows.

Fuel type	BTU content per gallon	Formula (BTU value fuel/ BTU value gasoline) x tax rate gasoline	Tax rate
Gasoline	115,000	100% x 22¢ <u>24¢</u>	22¢ <u>24¢</u> per gallon as authorized in section 2903
Methanol (M85)	65,530	57% x 22¢ <u>24¢</u>	12.5¢ <u>13.7¢</u> per gallon
Ethano (E85)	81,850	71% x 22¢ <u>24¢</u>	15.6¢ <u>17¢</u> per gallon
Propane	84,500	73% x 22¢ <u>24¢</u>	16¢ <u>17.5¢</u> per gallon
Compressed Natural Gas	100,000 (BTU per 100 standard cubic feet)	87% x 22¢ <u>24¢</u>	19.1¢ <u>20.9¢</u> per 100 standard cubic feet

Sec. 4. 36 MRSA c. 465, as enacted by PL 2001, c.
688, §8, is repealed.

SUMMARY

This bill does the following:

1. It repeals the indexing of motor fuel tax rates;
2. It increases the gasoline tax by 2¢;

- 2 3. It increase the special fuels tax by 1¢; and
- 4 4. It eliminates the provision that allows credits on the
inventory tax when the tax rate on motor fuels is reduced.