

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 345

S.P. 107

In Senate, January 20, 2005

An Act To Base the Excise Tax on Motor Vehicles on the Purchase Price

(EMERGENCY)

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator BRYANT of Oxford.
Cosponsored by Representatives: CLARK of Millinocket, RINES of Wiscasset, TARDY of
Newport, Representative JACKSON of Fort Kent and
Senator: PERRY of Penobscot, Representatives: BRYANT of Windham, PATRICK of
Rumford, SAVIELLO of Wilton, WATSON of Bath.

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

4
6 **Whereas,** current law basing the sales tax on motor vehicles
on the list price ignores the fact that the actual cost of the
vehicle to the buyer is often less than the list price; and

8
10 **Whereas,** this law as structured often requires the buyer to
pay much more in taxes than the buyer should have to pay; and

12 **Whereas,** this overtaxation is harmful to the buyer and to
the economy; and

14
16 **Whereas,** in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
18 necessary for the preservation of the public peace, health and
safety; now, therefore,

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

24 **Sec. 1. 36 MRSA §1482, sub-§1, ¶C,** as amended by PL 2001, c.
671, §32, is further amended to read:

26 C. For the privilege of operating a motor vehicle,
28 including a commercial motor vehicle as defined in Title
29-A, section 101, subsection 17, paragraph A and special
30 mobile equipment as defined in Title 29-A, section 101,
subsection 70, or camper trailer on the public ways, each
32 motor vehicle, other than a stock race car, or each camper
trailer to be so operated is subject to excise tax as
34 follows, ~~except as specified in subparagraph (3):~~ a sum
equal to 24 mills on each dollar of the ~~maker's~~ list
36 purchase price for the first or current year of model, 17
1/2 mills for the 2nd year, 13 1/2 mills for the 3rd year,
38 10 mills for the 4th year, 6 1/2 mills for the 5th year and
4 mill for the 6th and succeeding years. The minimum tax
40 is \$5 for a motor vehicle other than a bicycle with motor
attached, \$2.50 for a bicycle with motor attached, \$15 for a
42 camper trailer other than a tent trailer and \$5 for a tent
trailer. The excise tax on a stock race car is \$5.

44 (1) On new registrations of automobiles, trucks and
truck tractors, the excise tax payment must be made
46 prior to registration and is for a one-year period from
the date of registration.

48 (2) Vehicles registered under the International
50 Registration Plan are subject to an excise tax

2 determined on a monthly proration basis if their
3 registration period is less than 12 months.

4 ~~(3) For commercial vehicles manufactured in model year~~
5 ~~1996 and after, the amount of excise tax due for trucks~~
6 ~~or truck tractors registered for more than 26,000~~
7 ~~pounds and for Class A special mobile equipment, as~~
8 ~~defined in Title 29-A, section 101, subsection 70, is~~
9 ~~based on the purchase price in the original year of~~
10 ~~title rather than on the list price. Verification of~~
11 ~~purchase price for the application of excise tax is~~
12 ~~determined by the initial bill of sale or the state~~
13 ~~sales tax document provided at point of purchase. The~~
14 ~~initial bill of sale is that issued by the dealer to~~
15 ~~the initial purchaser of a new vehicle.~~

16 Verification of the purchase price for the application of
17 excise tax is determined by the initial bill of sale or the
18 state sales tax document provided at the point of purchase.
19 The initial bill of sale is that issued by the dealer to the
20 initial purchaser of a new vehicle.

21 For motor vehicles being registered pursuant to Title 29-A,
22 section 405, subsection 1, paragraph C, the excise tax must
23 be prorated for the number of months in the registration.

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

30 SUMMARY

31 This bill changes the method of computing the excise tax
32 that is levied on motor vehicles and campers registered in the
33 State.

34 With the exception of commercial motor vehicles and special
35 mobile equipment, current law requires that the excise tax be
36 based upon the maker's list price for the motor vehicle; the
37 excise tax on commercial motor vehicles and special mobile
38 equipment is based on the purchase price.

39 This bill requires that the excise tax for all motor
40 vehicles and campers be based upon the purchase price of the
41 vehicle. Either the original bill of sale or the state sales tax
42 document may be used to verify the purchase price. The bill
43 repeals the section of law dealing with the computation of excise
44 taxes on commercial motor vehicles since all motor vehicles would
45 be taxed in the same manner under this bill.