# MAINE STATE LEGISLATURE

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## 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

**Legislative Document** 

No. 788

H.P. 604

House of Representatives, February 15, 2007

An Act To Dedicate 20 Percent of the Sales Tax on Motor Vehicles to the Highway Fund

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. Macfarland MILLICENT M. MacFARLAND Clerk

Presented by Representative THOMAS of Ripley.
Cosponsored by Senator DAMON of Hancock and
Representatives: BROWNE of Vassalboro, CEBRA of Naples, CRAY of Palmyra, CURTIS of
Madison, GIFFORD of Lincoln, MARLEY of Portland, TARDY of Newport, Senator:
SHERMAN of Aroostook.

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

- Sec. 1. 29-A MRSA §409, sub-§3, as enacted by PL 1993, c. 683, Pt. A, §2 and affected by Pt. B, §5, is amended to read:
- 3. Collection fee. Each official shall retain from the use taxes collected a fee of \$1.25 for each vehicle or truck camper, even if a certificate indicates that no use tax is due.
- Retained fees must be transmitted to the Treasurer of State and credited to the Highway Fund.
- 9 Taxes collected must be transmitted to the Treasurer of State and credited to the General
- Fund, except that 20% of the tax collected from the tax imposed pursuant to Title 36, Part
- 11 3 on vehicles must be deposited in the General Highway Fund established in Title 23,
- 12 <u>section 1651</u>.

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Sec. 2. 36 MRSA §1952-A, as amended by PL 2005, c. 218, §26, is further amended to read:

#### 15 §1952-A. Payment of tax on vehicles and recreational vehicles

16 The tax imposed by this Part on the sale or use of any vehicle, snowmobile, all-terrain 17 vehicle or watercraft must, except where the dealer has collected the tax in full, be paid 18 by the purchaser or other person seeking registration of the vehicle, snowmobile, all-19 terrain vehicle or watercraft at the time and place of registration. In the case of vehicles, 20 the tax must be collected by the Secretary of State and transmitted to the Treasurer of 21 State as provided by Title 29-A, section 409. If the dealer collects the tax due under this 22 Part on the sale of vehicles, 20% of that tax collected must be deposited by the Treasurer 23 of State in the General Highway Fund established in Title 23, section 1651. In the case of 24 watercraft, snowmobiles and all-terrain vehicles, the tax must be collected by the 25 Commissioner of Inland Fisheries and Wildlife and transmitted to the Treasurer of State 26 as provided by Title 12, sections 13002 to 13005.

27 SUMMARY

This bill dedicates 20% of the revenue collected from the sales tax imposed on motor vehicles to the General Highway Fund. The current sales tax on motor vehicles is 5%. This bill maintains that rate but dedicates 20% of the revenue from the sales tax imposed on motor vehicles, which is equivalent to 1% of the taxable sales that are subject to the 5% tax.