

# MAINE STATE LEGISLATURE

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# 131st MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2023

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Legislative Document

No. 1631

S.P. 648

In Senate, April 12, 2023

### An Act to Establish the Gas Tax Fairness Credit

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Reference to the Committee on Transportation suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator BAILEY of York.  
Cosponsored by Representative GRAMLICH of Old Orchard Beach and  
Senator: LIBBY of Cumberland, Representative: PERRY of Bangor.

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

2 **Sec. 1. 36 MRSA §5213-B** is enacted to read:

3 **§5213-B. Gas tax fairness credit**

4 For tax years beginning on or after January 1, 2023, individuals are allowed a credit as  
5 computed under this section against the taxes imposed under this Part.

6 **1. Definitions.** As used in this section, unless the context otherwise indicates, the  
7 following terms have the following meanings.

8 A. "Base credit" means:

9 (1) For single individuals, \$125; and

10 (2) For individuals filing joint returns or as heads of households, \$175 plus an  
11 additional amount equal to:

12 (a) For individuals filing joint returns, \$25 if they can claim the federal child  
13 tax credit pursuant to the Code, Section 24 for no more than one qualifying  
14 child or dependent or \$50 if they can claim the credit for more than one  
15 qualifying child or dependent; or

16 (b) For individuals filing as heads of households, \$25 if they can claim the  
17 federal child tax credit pursuant to the Code, Section 24 for 2 qualifying  
18 children or dependents or \$50 if they can claim the credit for more than 2  
19 qualifying children or dependents.

20 B. "Income" means federal adjusted gross income increased by the following amounts:

21 (1) Trade or business losses; capital losses; any net loss resulting from combining  
22 the income or loss from rental real estate and royalties, the income or loss from  
23 partnerships and S corporations, the income or loss from estates and trusts, the  
24 income or loss from real estate mortgage investment conduits and the net farm  
25 rental income or loss; any loss associated with the sale of business property; and  
26 farm losses included in federal adjusted gross income;

27 (2) Interest received to the extent not included in federal adjusted gross income;

28 (3) Payments received under the federal Social Security Act and railroad  
29 retirement benefits to the extent not included in federal adjusted gross income; and

30 (4) The following amounts deducted in arriving at federal adjusted gross income:

31 (a) Educator expenses pursuant to the Code, Section 62(a)(2)(D);

32 (b) Certain business expenses of performing artists pursuant to the Code,  
33 Section 62(a)(2)(B);

34 (c) Certain business expenses of government officials pursuant to the Code,  
35 Section 62(a)(2)(C);

36 (d) Certain business expenses of reservists pursuant to the Code, Section  
37 62(a)(2)(E);

38 (e) Health savings account deductions pursuant to the Code, Section 62(a)(16)  
39 and Section 62(a)(19);

- 1                   (f) Moving expenses pursuant to the Code, Section 62(a)(15);
- 2                   (g) The deductible part of self-employment tax pursuant to the Code, Section
- 3                   164(f);
- 4                   (h) The deduction for self-employed SEP, SIMPLE and qualified plans
- 5                   pursuant to the Code, Section 62(a)(6);
- 6                   (i) The self-employed health insurance deduction pursuant to the Code,
- 7                   Section 162(l);
- 8                   (j) The penalty for early withdrawal of savings pursuant to the Code, Section
- 9                   62(a)(9);
- 10                  (k) Alimony paid pursuant to the Code, Section 62(a)(10);
- 11                  (l) The IRA deduction pursuant to the Code, Section 62(a)(7);
- 12                  (m) The student loan interest deduction pursuant to the Code, Section
- 13                  62(a)(17); and
- 14                  (n) The tuition and fees deduction pursuant to the Code, Section 62(a)(18).

15                  C. "Motor vehicle" has the same meaning as in Title 29-A, section 101, subsection 42.

16                  **2. Credit for resident taxpayer.** A resident individual who is the owner of a motor  
17 vehicle that was registered in the State for at least 6 months of the tax year for which the  
18 credit is being claimed is allowed a credit equal to the applicable base credit amount,  
19 subject to the phase-out provisions under subsection 4.

20                  **3. Credit for part-year resident taxpayer.** A taxpayer who is the owner of a motor  
21 vehicle that was registered in the State for at least 6 months of the tax year for which the  
22 credit is being claimed and who files a return as a part-year resident in accordance with  
23 section 5224-A is allowed a credit equal to the applicable base credit amount, subject to  
24 the phase-out provisions under subsection 4, multiplied by a ratio, the numerator of which  
25 is the individual's income as modified by section 5122 for that portion of the taxable year  
26 during which the individual was a resident plus the individual's income from sources within  
27 this State, as determined under section 5142, for that portion of the taxable year during  
28 which the individual was a nonresident and the denominator of which is the individual's  
29 entire income, as modified by section 5122.

30                  **4. Phase-out of credit.** The credit allowed under this section is phased out as follows.

31                  A. For single individuals, the credit is reduced by \$10 for every \$500 or portion thereof  
32 that exceeds \$20,000 of the income.

33                  B. For unmarried individuals or legally separated individuals who qualify as heads of  
34 households, the credit is reduced by \$15 for every \$750 or portion thereof that exceeds  
35 \$30,000 of the income.

36                  C. For individuals filing married joint returns or surviving spouses permitted to file  
37 joint returns, the credit is reduced by \$20 for every \$1,000 or portion thereof that  
38 exceeds \$40,000 of the income.

39                  **5. Refundability of credit.** The tax credit allowed under this section is refundable.

40                  **6. Limitations.** The following individuals do not qualify for the credit under this  
41 section:

