

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: April 2, 2013
To: Members, Joint Standing Committee on Taxation
From: Elizabeth Cooper, Legislative Analyst
Re: Amendment Review - LD 167

An amendment and fiscal note for LD 167 are attached for your review.

LD 167, An Act To Base the Motor Vehicle Excise Tax on the Purchase Price of the Motor Vehicle

- The Committee voted on March 1, 2013 with a divided report of ONTP/OTPA.
- The minority report amends the bill to base this excise tax on the purchase price or 90% of the maker's list price if the purchase price is not available. It adjusts the mill rates and, beginning in 2015, it charges the State Tax Assessor with determining mill rates that will generate an amount of municipal revenue equal to the amount collected in 2013 as adjusted by CPI.
- The fiscal note indicates that the bill may represent an unfunded municipal mandate.

Please let me know if you have any questions or concerns about this amendment.

Date:

(Filing No. S-)

TAXATION

Reproduced and distributed under the direction of the Secretary of the Senate.

STATE OF MAINE

SENATE

126TH LEGISLATURE

FIRST REGULAR SESSION

COMMITTEE AMENDMENT “ ” to S.P. 56, L.D. 167, Bill, “An Act To Base the Motor Vehicle Excise Tax on the Purchase Price of the Motor Vehicle”

Amend the bill by striking out all of section 1 and inserting the following:

Sec. 1. 36 MRSA §1482, sub-§1, ¶C, as amended by PL 2011, c. 646, §3, is further amended to read:

C. For the privilege of operating a motor vehicle or camper trailer on the public ways, each motor vehicle, other than a stock race car, or each camper trailer to be so operated is subject to excise tax as follows, except as specified in subparagraph (3) or (4): a sum equal to ~~24~~ 25 mills on each dollar of the ~~maker's list purchase price as documented on a bill of sale~~ for the first or current year of model ~~17-1/2~~ or in the event that the purchase price is not available, 90% of the maker's list price, 18 1/2 mills for the 2nd year, ~~13-1/2~~ 14 1/2 mills for the 3rd year, ~~10 1/2~~ 11 mills for the 4th year, ~~6-1/2~~ 7 mills for the 5th year and ~~4~~ 4.4 mills for the 6th and succeeding years. The minimum tax is \$5 for a motor vehicle other than a bicycle with motor attached, \$2.50 for a bicycle with motor attached, \$15 for a camper trailer other than a tent trailer and \$5 for a tent trailer. The excise tax on a stock race car is \$5.

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

(2) Vehicles registered under the International Registration Plan are subject to an excise tax determined on a monthly proration basis if their registration period is less than 12 months.

(3) For commercial vehicles manufactured in model year 1996 and after, the amount of excise tax due for trucks or truck tractors registered for more than 26,000 pounds and for Class A special mobile equipment, as defined in Title 29-A, section 101, subsection 70, is based on the purchase price in the original year of title rather than on the list price. Verification of purchase price for the application of excise tax is determined by the initial bill of sale or the state sales

COMMITTEE AMENDMENT

1 tax document provided at point of purchase. The initial bill of sale is that issued
2 by the dealer to the initial purchaser of a new vehicle.

3 (4) For buses manufactured in model year 2006 and after, the amount of excise
4 tax due is based on the purchase price in the original year of title rather than on
5 the list price. Verification of purchase price for the application of excise tax is
6 determined by the initial bill of sale or the state sales tax document provided at
7 point of purchase. The initial bill of sale is that issued by the dealer to the initial
8 purchaser of a new vehicle.

9 For motor vehicles being registered pursuant to Title 29-A, section 405, subsection 1,
10 paragraph C, the excise tax must be prorated for the number of months in the
11 registration. Beginning in 2015 and each subsequent calendar year thereafter, on or
12 about January 1st, the State Tax Assessor shall determine the mill rates for the excise
13 tax so as to generate an amount of municipal revenue equal to the amount collected in
14 2013 as adjusted for the cost of living using the Consumer Price Index. The State
15 Tax Assessor, no later than January 15, 2015 and annually thereafter, shall submit a
16 bill to the joint standing committee of the Legislature having jurisdiction over
17 taxation matters implementing the mill rate adjustment.'

18 **SUMMARY**

19 This amendment, which is the minority report of the committee, provides that the
20 excise tax on a motor vehicle or camper trailer be based on the purchase price or 90% of
21 the maker's list price if the purchase price is not available. The amendment adjusts the
22 mill rates to minimize the loss of revenue to municipalities. Beginning in 2015, it
23 charges the State Tax Assessor with determining mill rates that will generate an amount
24 of municipal revenue equal to the amount collected in 2013 as adjusted by the Consumer
25 Price Index.



126th MAINE LEGISLATURE

LD 167

LR 810(02)

An Act To Base the Motor Vehicle Excise Tax on the Purchase Price of the Motor Vehicle

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

State Mandate - Unfunded

State Mandates

Required Activity

Beginning in 2015, municipalities will be required to annually update databases or other necessary resources to account for changes in the mill rates assessed on either the purchase price or 90% of the maker's list price, if the purchase price is unavailable, of certain motor vehicles registered.

Unit Affected

Municipality

Local Cost

Insignificant statewide

The required local activities in this bill may represent a State mandate pursuant to the Constitution of Maine. Unless General Fund appropriations are provided to fund at least 90% of the additional costs or a Mandate Preamble is amended to the bill and two-thirds of the members of each House vote to exempt this mandate from the funding requirement, municipalities may not be required to implement these changes.

Fiscal Detail and Notes

The bill requires that the motor vehicle excise tax imposed on all motor vehicles and camper trailers be based upon the purchase price actually financed or paid by the consumer or 90% of the maker's list price if the purchase price is unavailable. Current law uses the maker's list price as the base to apply different mill rates depending on the age of each vehicle. The bill increases mill rates in each age bracket to compensate for the loss of revenue to municipalities. Maine Revenue Services indicates the new rates would produce excise tax collections within 2% of the amount collected under current law. Beginning in 2015 the State Tax Assessor is required to annually calculate mill rates for the excise tax based on purchase price that would generate the same amount of revenue that would have been generated based on the maker's list price and then adjust those mill rates for changes in the Consumer Price Index from the base year of 2013. Since the effective date of this bill will most likely be sometime in late September, the base year of 2013 would be impacted for approximately one quarter of the calendar year. Maine Revenue Services will incur minor costs to annually gather the necessary data, make the necessary calculations and disseminate the information to municipalities.

No appropriations/allocations section required.