

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Amend the Municipal Excise Tax Reimbursement Fund Law

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

Sec. 1. 29-A MRSA §533-A, sub-§3, ¶A, as amended by PL 2001, c. 361, §15, is further amended to read:

A. Between July 1st and October 31st, the Secretary of State shall disburse to a participating municipality a sum equal to the difference in the amount of excise tax that would have been collected by that municipality in the prior fiscal year on each commercial motor vehicle under Title 36, section 1482, subsection 1, paragraph C, subparagraph (3) using the manufacturer's suggested retail price from the amount of that excise tax actually collected by that municipality in the prior fiscal year based on the actual purchase price. The reimbursement is limited to vehicles 6 years old or less determined by the model year. The Secretary of State shall provide supporting documentation to a municipality regarding the disbursement that municipality receives under this section.

Sec. 2. 36 MRSA §1482, sub-§1, ¶C, as amended by PL 2001, c. 671, §32, 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): a sum equal to 24 mills on each dollar of the maker's list 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, 10 mills for the 4th year, 6 1/2 mills for the 5th year and 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 first 6 tax years, 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. For the 7th and subsequent tax years, the excise tax is based on the vehicle's list price. Verification of

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

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

SUMMARY

This bill accomplishes the following.

1. It amends the reimbursement procedure for municipalities with respect to excise tax on trucks more than 6 years old and registered for more than 26,000 pounds. Reimbursement is limited to the first 6 registration years.

2. Currently, the excise tax on trucks and truck tractors manufactured in model year 1996 and after that are registered for more than 26,000 pounds is based on the actual sales price rather than the manufacturer's suggested retail price, or "MSRP". For most motor vehicles, the MSRP is the basis for the municipal excise tax calculation. However, trucks purchased new often are traded within 3 years and the information on the original sales price often is unavailable.

This bill continues the current excise tax calculation method for trucks for the first 6 tax years, but for the 7th and subsequent tax years the excise tax is based on the vehicle's list price.