**An Act To Invest in Maine's Roads and Bridges**

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

**Sec.** **1. 36 MRSA §2903, sub-§1,** as amended by PL 2019, c. 379, Pt. B, §7, is further amended to read:

**1.** **Excise tax imposed.**  An excise tax is imposed on internal combustion engine fuel used or sold in this State, including sales to the State or a political subdivision of the State, at the rate of 30.0¢ per gallon until September 30, 2021, 34.0¢ per gallon from October 1, 2021 to September 30, 2022, 37.0¢ per gallon from October 1, 2022 to September 30, 2023, 40.0¢ per gallon from October 1, 2023 to September 30, 2024 and 42.0¢ per gallon beginning October 1, 2024, except that the rate is 3.4¢ per gallon on internal combustion engine fuel bought or used for the purpose of propelling jet or turbojet engine aircraft. Any fuel containing at least 10% internal combustion engine fuel is subject to the tax imposed by this section.

**Sec.** **2. 36 MRSA §3203, sub-§1-B,** as amended by PL 2019, c. 379, Pt. B, §8, is further amended to read:

**1-B.** **Generally; rates.**  Except as provided in section 3204‑A, an excise tax is levied and imposed on all suppliers of distillates sold, on all retailers of low-energy fuel sold and on all users of special fuel used in this State for each gallon of distillate at the rate of 31.2¢  per gallon until September 30, 2021, 35.2¢ per gallon from October 1, 2021 to September 30, 2022, 38.2¢ per gallon from October 1, 2022 to September 30, 2023, 41.2¢ per gallon from October 1, 2023 to September 30, 2024 and 43.2¢ per gallon beginning October 1, 2024. Tax rates for each gallon of low-energy fuel are based on the British Thermal Unit, referred to in this subsection as "BTU," energy content for each fuel as based on gasoline gallon equivalents or the comparable measure for distillates. The gasoline gallon equivalent is the amount of alternative fuel that equals the BTU energy content of one gallon of gasoline. For purposes of this subsection, "base rate" means the rate in effect for gasoline or diesel on July 1st of each year. A biodiesel blend containing less than 90% biodiesel fuel is subject to the rate of tax imposed on diesel.

A. This paragraph establishes the applicable BTU values and tax rates based on gasoline gallon equivalents.

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| Fuel type based on gasoline | BTU content per gallon or gasoline gallon equivalent | Tax rate formula (BTU value fuel/BTU value gasoline) x base rate gasoline |
| Gasoline | 115,000 | 100% x base rate |
| Propane | 84,500 | 73% x base rate |
| Compressed Natural Gas (CNG) | 115,000 | 100% x base rate |
| Methanol | 56,800 | 49% x base rate |
| Ethanol | 76,000 | 66% x base rate |
| Hydrogen | 115,000 | 100% x base rate |
| Hydrogen Compressed Natural Gas | 115,000 | 100% x base rate |

B. This paragraph establishes the applicable BTU values and tax rates based on distillate gallon equivalents.

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| Fuel type based on diesel | BTU content per gallon or gallon equivalent | Tax rate formula (BTU value fuel/BTU value diesel) x base rate diesel |
| Diesel | 128,400 | 100% x base rate |
| Liquefied Natural Gas (LNG) | 73,500 | 57% x base rate |
| Biodiesel | 118,300 | 92% x base rate |

C. The conversion factors established in this paragraph must be used in converting to gasoline gallon equivalents.

(1) For compressed natural gas, BTUs per 100 standard cubic feet is 93,000, and there are 123.66 standard cubic feet per gasoline gallon equivalent.

(2) For hydrogen, BTUs per 100 standard cubic feet is 27,000, and there are 425.93 standard cubic feet per gasoline gallon equivalent.

(3) For hydrogen compressed natural gas, BTUs per 100 standard cubic feet is 79,800, and there are 144.11 standard cubic feet per gasoline gallon equivalent.

**Sec.** **3. 36 MRSA §5213-B** is enacted to read:

**§****5213-B.** **Fuel tax fairness credit**

For tax years beginning on or after January 1, 2022, an individual with federal adjusted gross income lower than the federal poverty level as defined under section 6271, subsection 1, paragraph B is allowed a refundable credit of $100 against the taxes imposed under this Part.

**SUMMARY**

This bill increases fuel taxes by 4¢ per gallon beginning October 1, 2021, an additional 3¢ per gallon beginning October 1, 2022, an additional 3¢ per gallon beginning October 1, 2023 and an additional 2¢ per gallon beginning October 1, 2024. The bill also establishes a refundable income tax credit for individuals with federal adjusted gross income that is lower than the federal poverty level.