



131st MAINE LEGISLATURE

FIRST SPECIAL SESSION-2023

Legislative Document

No. 1631

S.P. 648

In Senate, April 12, 2023

An Act to Establish the Gas Tax Fairness Credit

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:

- 1 A. Married taxpayers filing separate returns;
- 2 B. Individuals who do not qualify as resident individuals because they do not meet the
- 3 requirements of section 5102, subsection 5, paragraph A; or
- 4 C. Individuals who may be claimed as a dependent on another taxpayer's return.

SUMMARY

6 This bill enacts a new gas tax fairness credit, based on the current sales tax fairness
7 credit. In order to be eligible, a taxpayer must have had a motor vehicle registered in Maine
8 for at least 6 months of the tax year for which the credit is being claimed. The credit is
9 \$125 for single individuals and at least \$175 for individuals filing jointly or as heads of
10 households and is phased out based on income level.