

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 Improve the Accuracy of Fuel Tax Reporting

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

Sec. 1. 36 MRSA §2902, sub-§7 is enacted to read:

7. Net gallons. "Net gallons" means the amount of internal combustion engine fuel measured in gallons when adjusted to a temperature of 60 degrees Fahrenheit and a pressure of 14.7 pounds per square inch.

Sec. 2. 36 MRSA §2906, sub-§3, as amended by PL 2009, c. 434, §44, is further amended to read:

3. Allowance for certain losses. An allowance of not more than 1/2 of 1% ~~from the amount of~~ the net gallons of internal combustion engine fuel received by a licensed distributor, plus 1/2 of 1% of the net gallons on all transfers in vessels, tank cars or full tank truck loads by a licensed distributor in the regular course of the licensed distributor's business from one of the licensed distributor's places of business to another within the State, may be granted by the assessor to cover losses sustained by the licensed distributor through shrinkage, evaporation or handling. The total allowance for these losses must be supported by documentation satisfactory to the assessor and may not exceed 1% of the receipts by the licensed distributor measured in net gallons. The allowance must be calculated on an annual basis. A further deduction may not be allowed unless the assessor is satisfied upon definite proof submitted to the assessor that a further deduction should be allowed for a loss sustained through fire, accident or some unavoidable calamity. A licensed distributor may elect to use gross gallons in lieu of net gallons to calculate the allowance provided by this paragraph.

Sec. 3. 36 MRSA §3202, sub-§4-A is enacted to read:

4-A. Net gallons. "Net gallons" means the amount of special fuel measured in gallons when adjusted to a temperature of 60 degrees Fahrenheit and a pressure of 14.7 pounds per square inch.

Sec. 4. 36 MRSA §3203, sub-§5, as amended by PL 2009, c. 434, §50, is further amended to read:

5. Allowance for certain losses of undyed distillates. An allowance of not more than 1/4 of 1% ~~from the amount of~~ the net gallons of undyed distillates received by a licensed supplier, plus 1/4 of 1% of the net gallons on all transfers in vessels, tank cars or full tank truck loads by the licensed supplier in the regular course of business from one of the licensed supplier's places of business to another of the licensed supplier's places of business within the State, may be allowed by the assessor to cover the loss through shrinkage, evaporation or handling sustained by the licensed supplier. The total allowance for these losses must be supported by documentation satisfactory to the assessor and may not exceed 1/2 of 1% of the receipts by the licensed supplier measured in net gallons. The allowance must be calculated on an annual basis. A further deduction may not be allowed unless the assessor is satisfied upon definite

proof submitted to the assessor that a further deduction should be allowed for a loss sustained through fire, accident or some unavoidable calamity. A licensed supplier may elect to use gross gallons in lieu of net gallons to calculate the allowance provided by this paragraph.

SUMMARY

This bill improves the accuracy of Maine's fuel taxes by taking temperature into account when calculating inventory taxes on internal combustion engine fuel and special fuel. Given Maine's climate, fuel distributors, wholesalers, importers and exporters experience fuel shrinkage during cold weather periods. Currently, taxes are based on gross fuel amounts without adjustments for temperature or barometric pressure. This bill provides consistency with practices in other states by requiring that fuel be measured in gallons after it is adjusted to a temperature of 60 degrees Fahrenheit and a barometric pressure of 14.7 pounds per square inch or in gross gallons if elected by the licensed supplier or licensed distributor.