



# 126th MAINE LEGISLATURE

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Legislative Document

No. 614

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H.P. 433

House of Representatives, February 21, 2013

### **An Act To Adjust Fuel Taxes To Improve Sustainability**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative PEOPLES of Westbrook.  
Cosponsored by Representatives: BEAVERS of South Berwick, CAREY of Lewiston,  
GATTINE of Westbrook, GRAHAM of North Yarmouth, McLEAN of Gorham,  
MONAGHAN-DERRIG of Cape Elizabeth, SAUCIER of Presque Isle, THERIAULT of  
Madawaska.

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

2 **Sec. 1. 36 MRSA §2903, sub-§1**, as amended by PL 2011, c. 240, §24, is further  
3 amended to read:

4 **1. Excise tax imposed.** ~~Beginning July 1, 2008 and ending June 30, 2009, an~~ An  
5 excise tax is imposed on internal combustion engine fuel used or sold in this State,  
6 including sales to the State or a political subdivision of the State, ~~at the rate of 28.4¢ per~~  
7 ~~gallon, except that the rate is 3.4¢ per gallon on internal combustion engine fuel bought~~  
8 ~~or used for the purpose of propelling jet or turbojet engine aircraft as follows.~~ Beginning  
9 July 1, 2009, an excise tax is imposed on internal combustion engine fuel used or sold in  
10 this State, including sales to the State or a political subdivision of the State, at the rate of  
11 29.5¢ per gallon, except that the rate is 3.4¢ per gallon on internal combustion engine fuel  
12 bought or used for the purpose of propelling jet engine aircraft. ~~The tax rate provided by~~  
13 ~~this subsection except the rate of tax imposed on fuel bought or used for the purpose of~~  
14 ~~propelling jet engine aircraft is subject to an annual inflation adjustment pursuant to~~  
15 ~~section 3321. Any fuel containing at least 10% internal combustion engine fuel is subject~~  
16 ~~to the tax imposed by this section.~~

17 D. Except as provided in paragraph E, the tax is the sum of:

18 (1) Fifteen cents per gallon; and

19 (2) Five percent of the retail value of the internal combustion fuel.

20 E. The tax is 3.4¢ per gallon on internal combustion engine fuel bought or used for  
21 the purpose of propelling jet engine aircraft.

22 **Sec. 2. 36 MRSA §3203, sub-§1-B**, as amended by PL 2011, c. 240, §25, is  
23 further amended to read:

24 **1-B. Generally; rates.** Except as provided in section 3204-A, beginning July 1,  
25 2008 and ending June 30, 2009, an excise tax is levied and imposed on all suppliers of  
26 distillates sold, on all retailers of low-energy fuel sold and on all users of special fuel  
27 used in this State for each gallon of distillate at the rate of 29.6¢ per gallon. Beginning  
28 July 1, 2009, an excise tax is levied and imposed on all suppliers of distillates sold, on all  
29 retailers of low-energy fuel sold and on all users of special fuel used in this State for each  
30 gallon of distillate at the rate of ~~30.7¢~~ 15.6¢ per gallon plus 5% of the retail value of that  
31 gallon. Tax rates for each gallon of low-energy fuel are based on the British Thermal  
32 Unit, referred to in this subsection as "BTU," energy content for each fuel as based on  
33 gasoline gallon equivalents or the comparable measure for distillates. The gasoline  
34 gallon equivalent is the amount of alternative fuel that equals the BTU energy content of  
35 one gallon of gasoline. ~~In the case of distillates, the tax rate provided by this section is~~  
36 ~~subject to annual inflation adjustment pursuant to section 3321.~~ For purposes of this  
37 subsection, "base rate" means the rate in effect for gasoline or diesel on July 1st of each  
38 year ~~as indexed under section 3321.~~ A biodiesel blend containing less than 90% biodiesel  
39 fuel is subject to the rate of tax imposed on diesel.

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

1	Fuel type based on gasoline	BTU content per gallon or	Tax rate formula (BTU
2		gasoline gallon equivalent	value fuel/BTU value
3			gasoline) x base rate
4			gasoline
5	Gasoline	115,000	100% x base rate
6	Propane	84,500	73% x base rate
7	Compressed Natural Gas	115,000	100% x base rate
8	(CNG)		
9	Methanol	56,800	49% x base rate
10	Ethanol	76,000	66% x base rate
11	Hydrogen	115,000	100% x base rate
12	Hydrogen Compressed	115,000	100% x base rate
13	Natural Gas		

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

16	Fuel type based on diesel	BTU content per gallon or	Tax rate formula (BTU
17		gallon equivalent	value fuel/BTU value
18			diesel) x base rate diesel
19			
20	Diesel	128,400	100% x base rate
21	Liquefied Natural Gas	73,500	57% x base rate
22	(LNG)		
23	Biodiesel	118,300	92% x base rate

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

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

28 (2) For hydrogen, BTUs per 100 standard cubic feet is 27,000, and there are  
29 425.93 standard cubic feet per gasoline gallon equivalent.

30 (3) For hydrogen compressed natural gas, BTUs per 100 standard cubic feet is  
31 79,800, and there are 144.11 standard cubic feet per gasoline gallon equivalent.

32 **Sec. 3. Effective date.** This Act takes effect October 1, 2013.

33 **SUMMARY**

34 This bill changes the excise tax on gasoline, distillates and low-energy fuel from a  
35 fixed amount per gallon to a formula that includes a fixed amount per gallon plus 5% of  
36 the retail value of that gallon.