



127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 901

H.P. 620

House of Representatives, March 12, 2015

An Act To Ensure Sustainable Infrastructure Funding

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R. B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative McLEAN of Gorham.
Cosponsored by Representatives: BRYANT of Windham, HOGAN of Old Orchard Beach,
POWERS of Naples, Senator: VALENTINO of York.

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

2 **Sec. 1. 36 MRSA c. 467** is enacted to read:

3 **CHAPTER 467**

4 **INDEXING OF MOTOR FUEL TAX RATES**

5 **§3331. Annual adjustment of tax rates**

6 **1. Generally.** Beginning July 1, 2015, the excise tax imposed upon internal
7 combustion engine fuel pursuant to section 2903, subsection 1 and the excise tax imposed
8 upon distillates pursuant to section 3203, subsection 1-B are subject to a rate of
9 adjustment pursuant to this section. On or about February 15th of each year, the State Tax
10 Assessor shall calculate the adjusted rates by multiplying the rates in effect on the
11 calculation date by a fuel economy index as computed in subsection 2. The adjusted rates
12 must then be rounded to the nearest 1/10 of a cent and become effective on the first day
13 of July immediately following the calculation. The assessor shall publish the adjusted fuel
14 tax rates and shall provide all necessary forms and reports to suppliers, distributors and
15 retail dealers.

16 **2. Method of calculation; fuel economy index defined.** Except as provided in
17 subsection 3, the fuel economy index is based on increases to federal fuel efficiency
18 standards as set out in this subsection.

19 **A.** Starting with fiscal year 2016 and every fiscal year thereafter, the fuel economy
20 index is the percentage change in the corporate average fuel economy standard
21 established by the federal Department of Transportation, National Highway Traffic
22 Safety Administration, averaged for all classes of passenger cars and light trucks,
23 between the model year of the current fiscal year and the model year corresponding
24 with the upcoming fiscal year.

25 **B.** The fuel economy index for fiscal year 2016 is 1.046.

26 **3. Maximum.** The fuel economy index established in subsection 2 may not exceed
27 the Chained Consumer Price Index as defined in section 5402, subsection 1 for the
28 calendar year ending on the December 31st immediately preceding the calculation date,
29 divided by the Chained Consumer Price Index for the previous calendar year.

30 **4. Exclusion.** This section does not apply to internal combustion engine fuel
31 purchased or used for the purpose of propelling jet or turbojet engine aircraft.

32 **5. Legislative review.** Starting in 2021 and in each odd-numbered year thereafter,
33 the Department of Transportation shall submit a bill by the cloture date established for
34 departments and agencies that suspends any adjustment in fuel tax rates in the upcoming
35 biennium resulting from the operation of this section.

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SUMMARY

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This bill establishes a system of indexing Maine's motor fuel excise tax rates, tying

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adjusted rate increases to federal fuel efficiency standards.