



126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document

No. 996

S.P. 341

In Senate, March 12, 2013

An Act To Improve the Accuracy of Fuel Tax Reporting

Submitted by the Department of Economic and Community Development pursuant to Joint Rule 204.

Reference to the Committee on Taxation 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 THIBODEAU of Waldo.

Cosponsored by Representative VOLK of Scarborough and

Senators: BURNS of Washington, LANGLEY of Hancock, Representatives: GILLWAY of Searsport, HARVELL of Farmington, MORRISON of South Portland.

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

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

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

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

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

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

23 **4-A. Net gallons.** "Net gallons" means the amount of special fuel measured in
24 gallons when adjusted to a temperature of 60 degrees Fahrenheit and a pressure of 14.7
25 pounds per square inch.

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

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

1 accident or some unavoidable calamity. A licensed supplier may elect to use gross
2 gallons in lieu of net gallons to calculate the allowance provided by this paragraph.

3

SUMMARY

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