

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Environment and Natural Resources
Hearing Date: *April 7, 2025, Monday at 1:00 P.M.*

LD 1165 – *“An Act to Create a Fund for Safe Disposal of Hazardous Fluids from
Salvage Yards”*

Senator Tepler, Representative Doudera, and members of the Environment and Natural Resources Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 1165, *“An Act to Create a Fund for Safe Disposal of Hazardous Fluids from Salvage Yards.”*

This bill would create the Vehicle Fluid Waste Fund to reimburse owners and operators of automobile graveyards for the costs of properly disposing of fluids extracted from motor vehicles deposited in the automobile graveyards. The revenue for this fund would be raised through a \$100 fee imposed on the sale of new automobiles. Because the Department of Environmental Protection would administer the fund, this testimony is limited to the fee in section 1 of the bill.

There are a few technical concerns that should be considered by this Committee. First, while the bill directs that for purposes of administration the fee must be considered imposed under the Sales and Use Tax Law, the bill incorporates the term “automobile” as defined under Title 29-A, not as defined in Part 3 under 36 M.R.S. § 1752(1-B). The differences between these definitions may cause confusion. For example, a passenger truck or van with a gross vehicle weight rating exceeding 10,000 pounds would be an “automobile” under Title 29-

A, but not under the Sales and Use Tax Law. A second technical concern is that the bill should also define what qualifies as a “new” automobile. Further, the bill should clarify whether sales tax provisions exempting, for example, the sale of vehicles to a 501(c)(3) organization or for use in interstate commerce, are also intended to exempt such sales from the Vehicle Fluid Waste Fee.

Lastly, instead of transferring the actual administrative costs of the fee, which will be difficult to determine, a fixed statutory amount or percentage of fee revenue would be simpler and less costly from an administrative standpoint.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee’s questions.