

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

Before the Joint Standing Committee on Taxation
Hearing Date: *April 30, 2025*

LD 1732 – “*An Act to Allow a Municipality to Waive the Excise Tax on an Antique Automobile Owned by a Person 65 Years of Age or Older*”

Senator Grohoski, Representative Cloutier, and members of the Taxation 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 1732, “*An Act to Allow a Municipality to Waive the Excise Tax on an Antique Automobile Owned by a Person 65 Years of Age or Older.*”

The Administration has several technical concerns with the bill. First, it is unclear how this excise tax exemption would be administered, or how a municipality would approve the exemption – whether by ordinance or some other means. Additionally, the use of the term “may” indicates the exemption is discretionary, which is unlike other exemptions for excise tax. Further, the bill should be amended to provide standards for taxpayers to meet and for municipalities to use for the purpose of determining eligibility for this exemption.

The Administration also has legal concerns with the bill. Exempting antique automobiles from the motor vehicle excise tax under 36 M.R.S. § 1482 will result in some of these vehicles being subject to personal property tax. If that is not the intention, it may be more appropriate to place an excise tax exemption under 36 M.R.S. § 1483, which directly exempts certain taxpayers from the motor vehicle

excise tax. Exempting these vehicles under §1483 would also exempt them from the personal property tax under 36 M.R.S. § 655(1)(K).

Furthermore, allowing municipalities the option of waiving the excise tax raises possible constitutional concerns pertaining to the Legislature surrendering the power of taxation under the Maine Constitution, Article IX, section 9. This bill may also create taxation disparities because, as written, it technically allows municipalities to discretionarily waive the tax for certain taxpayers with no determining guidance on how or why a taxpayer is entitled to a waiver.

An estimate of the fiscal costs associated with this bill is not available at this time. The Secretary of State may be able to provide a more accurate estimate of the fiscal impacts of this bill. An administrative cost estimate is also unavailable, but the bill will result in some administrative and programming costs.

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.