



Department of the Secretary of State

Bureau of Motor Vehicles

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JOINT STANDING COMMITTEE ON TRANSPORTATION

Testimony of Shenna Bellows Secretary of State
Department of the Secretary of State

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Testifying In Opposition To L.D. 1381

“An Act to Create Fairness in Maine’s Motor Vehicle Excise Tax by Basing the Tax on the Sale Price”

Senator Grohoski, Representative Perry, and Members of the Joint Standing Committee on Taxation, my name is Shenna Bellows, and I am the Secretary of State and chief motor vehicle officer. I am speaking today in opposition to L.D. 1381.

This bill changes the way excise tax is calculated on vehicles, special mobile equipment, and camper trailers. Excise tax would be calculated by using the actual purchase price instead of the using the Manufacturer’s Suggested Retail Price (MSRP). To verify the purchase price, either the original bill of sale or the state sales tax document could be used.

This bill also would require the State to reimburse municipalities for the difference in the amount of excise tax on all vehicles that would have been collected if based on the MSRP, instead of the actual purchase price.

It is important to note there currently is an Excise Tax Reimbursement (ETR) program described in motor vehicle law.¹ This law allows municipalities to charge excise tax based on the sale price of a commercial vehicle or bus that is registered for over 26,000 pounds, instead of charging excise tax based on the MSRP. While this would result in the registrant paying a lower excise tax, it would ultimately mean a loss revenue to the town.

The Bureau of Motor Vehicles (BMV) is responsible for managing the Excise Tax Reimbursement (ETR) program. For vehicles in this program, BMV will reimburse each town for the lost excise tax revenue, making the town whole. These funds come from the excise tax on trucks over 26,000 pounds registered in another state but traveling through Maine. That excise tax is deposited into the Excise Tax Reimbursement Fund and used to pay the towns for the lost revenue on the large trucks. At the end of

¹ 29-A M.R.S. § 533-A.

each year, any remaining funds not paid out to municipalities, remaining in this account, are transferred to the Highway Fund.

The information below shows the funds that have been distributed over the past 3 years, along with the amount that has been transferred to the Highway Fund.

- 2021 – paid \$627,766.63 to 163 municipalities plus \$6,548,005 Transferred to the Highway Fund
- 2020 – paid \$613,277.22 to 162 municipalities plus \$5,810,634 Transferred to the Highway Fund
- 2019 – paid \$645,903.50 to 174 municipalities plus \$5,779,218 Transferred to the Highway Fund

This bill significantly increases the amount the State must reimburse the towns. Current revenue coming into the ETR absolutely will not fill this gap. The bill will need to be amended to identify some other fund that can be used to reimburse the towns.

Since the current ETR program is restricted to certain vehicles, we are able to have our existing staff manage the program. However, if this bill passes, the work will tremendously increase, and we will need staff and resources to administer the program. A fiscal note will be provided.

Finally, the BMV computer systems are outdated, and our priority is to modernize them. Any system changes that are required to implement a new law will cause delays in this much needed modernization project. For these reason, we ask for a July 1, 2024, effective date, if this bill receives an ought to pass.

This concludes my testimony. I'm happy to answer any questions.