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THE MAINE SENATE
131st Legislature

Testimony of Senator Stacey Guerin
Presenting L.D. 1381, An Act to Create Fairness in Maine's Motor Vehicle
Excise Tax by Basing the Tax on the Sale Price
Before the Taxation Committee
April 26, 2023

Senator Grohoski, Representative Perry, and members of the Joint Standing Committee on Taxation: I am Senator Stacey Guerin and I represent District 4, which includes all of Piscataquis County and 11 communities in Penobscot County. I am before you today to present L.D. 1381, *An Act to Create Fairness in Maine's Motor Vehicle Excise Tax by Basing the Tax on the Sale Price*.

I regularly hear from constituents who are struggling to get by; between the increase in cost of living, medical bills, and taxes, there are many people faced with difficult financial decisions. Over the years, there have been numerous proposals to cut down costs – from reducing income tax, capping medical costs, and even eliminating dog registrations, if you've served in this building a while you have likely heard them all.

One idea I have heard about most from constituents is to add honesty and fairness into how Maine vehicles are taxed. Currently, excise tax for most vehicles sold in the State of Maine is based on the Manufacturer's Suggested Retail Price (MSRP). This legislation seeks to change the way excise tax is calculated by basing it off the actual purchase price.

Being a relatively rural state, we greatly rely on a having a vehicle to get to-and-from work, the grocery store, and appointments. When you total up the cost of purchasing a vehicle, sales tax, excise tax, inspection, and insurance, you realize that a great deal of money is spent on owning a vehicle. Moreover, that amount does not even begin to address the thousands of dollars people pay in gas and vehicle repairs each year. Why must something that is so critical for people to succeed be so costly to operate?

With budget projections robust, now seems like an appropriate time to adjust the way we calculate excise tax. In making this change, I believe Mainers will be able to experience needed financial relief.

Thank you for your time and consideration.