



HOUSE OF REPRESENTATIVES

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April 30, 2025

To the Joint Standing Committee on Taxation, I offer my thanks for taking the time to allow me to introduce LD 1781, *An Act to Exempt from the Gasoline Tax Act Ethanol-free Gasoline Used by Vehicles Off-road*. My name is Donny Ardell, and I represent House District 6.

Typical motor-fuel gasoline contains 10% Ethanol, an alcohol derived from corn distillation. However, ethanol has characteristics different from gasoline: it has a lower BTU content per volume, absorbs atmospheric humidity, becomes acidic over time when in certain (practically all) conditions, and as a result is not suitable for small engines, two-stroke engines such as your chain saw, outboard motor, snowmobile, or weed whacker, or older engines designed with materials and tuned for 100% gasoline fuel-air ratios. As an example, I lost a chain saw carburetor to 10% ethanol gasoline in a professional-quality tool in which the ethanol broke down interior valves. Water-laden ethanol is subject to freezing in carburetor float bowls and fuel lines. Because of its instability over time, it can't be stored long, and if not used in time becomes a messy and expensive annoyance and difficult to responsibly dispose of, with common methods including open burning, evaporation, or just pouring it 'somewhere', all of which are neither environmentally-friendly nor responsible. Because of its reduced BTU and combustibility, 10% ethanol gasoline makes these engines more difficult or impossible to start in cold weather without additional measures or special fuel trim tuning, and provides for reduced fuel efficiency.

As a result, many fuel buyers for specialty, non-highway gasoline engines turn to ethanol-free fuel, 100% gasoline that has none of the downsides of 10% ethanol gasoline except cost and availability. It is typically no less than \$1.50 more per-gallon than 10% ethanol 87 Regular, about 50% more expensive, making it cost-prohibitive for bulk usage, and not used for highway motor fuels.

Maine applies a direct excise tax to the sale of gasoline at the pump of \$.484 per gallon. and applies that revenue to road infrastructure. A Maine.gov site describes this well:

“What is motor fuel excise tax and how is the money used?”

Motor fuel excise tax is a tax per gallon on motor fuel sold at retail in Maine. The tax is included in the price of every gallon sold to consumers in Maine. The money is deposited into the highway fund and used for transportation projects in Maine.”

Additionally:

“Are there any refunds available for the motor fuel excise tax paid in Maine?”

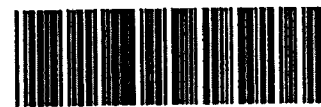
Excise tax paid on gasoline purchased in Maine and used for commercial purposes other than the operation of a registered vehicle on the highways of Maine may be eligible for a refund. Clear on-road diesel used for off road purposes also may be eligible for an excise tax refund. The application and instructions for the Off-highway refund is found on the [Fuel Tax Forms page](#).

Does the price for dyed, off-road diesel include the Maine motor fuel excise tax?

No, once the fuel is dyed, it is no longer subject to the motor fuel excise tax. The fuel, however, remains subject to sales tax of 5.5% based on the retail sales price. The pump price for dyed distillates must include the 5.5% sales tax."

This bill proposes to provide for the sale of 100% ethanol-free gasoline not utilized on highway registered vehicles or in off-highway gasoline engines to be exempt Maine's \$.484 Highway Fund excise tax at the pump. There is already a provision for excise tax-free off highway-use diesel, sold at separate, clearly-marked pumps and dyed red so as to be clearly identifiable from excise-taxed diesel, a provision routinely used by farmers for their tractors, diesel-driven stationary engines running generators and pumps, and commercial fishermen in their diesel-powered boats, that merely requires off-highway usage and not commercial usage.

Maine *does* provide relief from off-highway use of gasoline, but it is recouped from the state via a form (attached) and provides relief for commercial off-highway ag equipment, off-highway *registered* vehicles, commercial boat usage, stationary engines, and industrial or wood harvest use. This bill would serve to bypass that process not utilized by most non-commercial users, and provide for immediate tax relief at the pump for all 100% gasoline sold and used off-highway. The example below reflects a 10-gallon purchase at \$2.71 per gallon, in which the savings to the off-highway use customer would reflect \$1.45, about the same rate of savings as exempting sales tax.



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1135003

Section 1 **Requests for a refund must be made within 18 months of the date of purchase of the fuel.**
**** (Dyed diesel not allowed) ****

PLEASE NOTE: COPIES OF RECEIPTS OR INVOICES MAY BE REQUESTED TO SUPPORT YOUR APPLICATION

**FOR: OFF HIGHWAY/
COMMERICAL USE**

BEGIN DATE: 01/01/2025

END DATE: 04/30/2025

		Gasoline	Diesel
A. Total paid for fuel used off highway where Maine excise tax has been paid	A.	\$27.10	
B. Number of gallons included in line A above	B.	10 gal	
C. Excise Tax Rate	C.	0.484	0.556
D. State & Federal Excise Tax Paid (Gallons on line B times rate on line C)	D.	\$4.84	
E. Purchase price subject to sales/use tax (line A minus line D)	E.	\$27.10	
F. Sales/Use tax due (line E times .055)	F.	\$1.49	
G. Refundable excise tax rate	G.	0.290	0.302
H. Excise tax refund (Gallons line B times rate on line G)	H.	\$2.90	
I. Net refund for this period (line H minus line F)	I.	\$1.45	

Enter the amounts on line I in the corresponding boxes on line 1 on the front of the return

Section 2 - Breakdown of Gallons Used

(Use only whole gallons)

		Gasoline	Diesel
Agricultural Equipment	6.		
Registered vehicles used <u>off</u> highway	7.		
Boats (commercial gasoline use only)	8.		
Stationary engines	9.		
Industrial or Wood Harvesting	10.		
Other (specify)	11.		

Certification/Waiver

I, the undersigned, state that the information on this application is true, correct and complete to the best of my knowledge.

Signature/Title

Print Name

Date

Phone #

Mail to: Maine Revenue Services, Sales, Fuel & Special Tax Division, PO Box 1064, Augusta, ME 04332-1064. Questions? Call 624-9693.

Email: Salesapp.MRS@maine.gov

OFF HYW- 04/2025

For assistance in completing this form, call (207) 624-9693

This is a reasonable measure, in that it mirrors existing Maine tax structure for similar fuel and similar usage, and would stop the application of a targeted tax to usage outside that target. I'm happy to accept questions from the committee and I appreciate your kind attention. I believe this change can, in a small way, greatly help Mainers operate equipment and reduce red tape.

Thank you,



Donald J. Ardell
State Representative

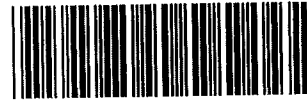
OFF

EIN or SSN

Maine Revenue Services
Special Fuel and Gasoline Tax
Refund Application

Period Begin

Period End



1135002

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Requests for a refund must be
filed within 18 months of the
date of purchase of the fuel

1. Entity Information (taxpayer business name and address)

2. ☐ **OUT OF BUSINESS?** Date closed:

3. ☐ **OWNERSHIP OR NAME CHANGE?** Date
Explanation

4. ☐ **SOLD?** Date

ADDRESS CHANGE? Make corrections above and check here ☐

CHECK HERE IF ENGAGED IN:

☐ **COMMERCIAL FARMING** ☐ **COMMERCIAL FISHING**

Do Not Use Red Ink!

☐ **COMMERCIAL WOOD HARVESTING** **EXEMPT CARD #**

Section 3 - Summary of Refund Claim

If using manufacturing rates, list product(s) manufactured:

(Net refund from reverse side)

Gasoline

Diesel

Line I for 07/01/23 - 06/30/25

1. .

.

Line R for 07/01/23- 06/30/25

2. .

.

Sub Totals

3. .

.

Total Tax Refund **(Add together the amounts on line 3 for all products)**

4. .

Section 2 - Breakdown of Gallons Used

(Use only whole gallons)

Gasoline

Diesel

Agricultural Equipment 6. .

Registered vehicles used off highway 7. .

Boats (commercial gasoline use only) 8. .

Stationary engines 9. .

Industrial or Wood Harvesting 10. .

Other (specify) 11. .

Certification/Waiver

I, the undersigned, state that the information on this application is true, correct and complete to the best of my knowledge.

Signature/Title

Print Name

Date

Phone #

Mail to: Maine Revenue Services, Sales, Fuel & Special Tax Division, PO Box 1064, Augusta, ME 04332-1064. Questions? Call 624-9693.

Email: Salesapp.MRS@maine.gov



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1135003

Section 1 Requests for a refund must be made within 18 months of the date of purchase of the fuel.
(Dyed diesel not allowed)

PLEASE NOTE: COPIES OF RECEIPTS OR INVOICES MAY BE REQUESTED TO SUPPORT YOUR APPLICATION

FOR: OFF HIGHWAY/ COMMERICAL USE	BEGIN DATE:	END DATE:	
	Gasoline	Diesel	
A. Total paid for fuel used off highway where Maine excise tax has been paid	A.		
B. Number of gallons included in line A above	B.		
C. Excise Tax Rate	C. 0.484	0.556	
D. State & Federal Excise Tax Paid (Gallons on line B times rate on line C)	D.		
E. Purchase price subject to sales/use tax (line A minus line D)	E.		
F. Sales/Use tax due (line E times .055)	F.		
G. Refundable excise tax rate	G. 0.290	0.302	
H. Excise tax refund (Gallons line B times rate on line G)	H.		
I. Net refund for this period (line H minus line F)	I.		

Enter the amounts on line I in the corresponding boxes on line 1 on the front of the return

FOR: MANUFACTURING	BEGIN DATE:	END DATE:	
	Gasoline	Diesel	
J. Total paid for fuel used off highway where Maine excise tax has been paid	J.		
K. Number of gallons included in line J above	K.		
L. Excise Tax Rate	L. 0.484	0.556	
M. State & Federal Excise Tax Paid (Gallons on line K times rate on line L)	M.		
N. Purchase price subject to sales/use tax (line J minus line M)	N.		
O. Line N times .00275 if used in manufacturing	O.		
P. Refundable excise tax rate	P. 0.290	0.302	
Q. Excise tax refund (Gallons line K times rate on line P)	Q.		
R. Net refund for this period (line Q minus line O)	R.		

Enter the amounts on line R in the corresponding boxes on line 2 on the front of the return

Maine Revenue Services
Documentation Requirements for Fuel Tax Refund Applications

1. **Off-Highway** – must be submitted/postmarked within 18 months of purchase
 - a. Breakdown of gallons claimed must be completed.
 - b. If application includes fuel used in registered vehicles off-road: application must include records such as driving logs, GPS Tracking, IFTA Report.
 - c. Copies of receipt(s), invoice(s), or supplier statement(s) to support the purchases of fuel claimed on the application included excise tax.

Supplier Statement must include:

- a. Supplier Name
- b. Supplier Address
- c. Purchasers Name
- d. Date of Sale
- e. Type of fuel
- f. Number of gallons sold
- g. Price per gallon
- h. ***state/federal tax broken out or clear statement that says state/federal tax included
- i. Total amount

If in letter format – signed by distributor/supplier