

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

Before the Joint Standing Committee on Transportation
Hearing Date: *February 3rd, 2026*

LD 305 – “*An Act Regarding Transportation in Maine*”

Senator Nangle, Representative Crafts, and members of the Transportation Committee – good afternoon, my name is Anya Trundy, Deputy Commissioner for the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 305, “*An Act Regarding Transportation in Maine.*”

This testimony pertains to the sponsor’s proposed amendment to the LD 305 concept draft. The amendment, which is retroactive to May 30, 2025, adds an automobile lessee to the exemption of excise tax and the maximum number of automobiles exempt from the excise tax for certain veterans. The amendment requires, if there are multiple lessees of an automobile, that at least one lessee whose name appears on the lease agreement is eligible for the excise tax exemption.

Under 36 M.R.S. §1483, sub-§12, certain disabled veterans are entitled to exemption from the motor vehicle excise tax. This exemption has historically required, and currently requires, ownership of the vehicle by the veteran. This proposal would create the only excise tax exemption under section §1483 that applies to leased vehicles.

Furthermore, it is unclear how refunds would be identified and distributed for excise tax already paid on automobiles that would be retroactively exempt, and

the bill would likely impose additional administrative burdens on municipalities and/or the State to process and document retroactive refunds. We strongly recommend that if the Committee chooses to move forward with this bill the changes made by the bill not be applied retroactively. Changing the effective date to October 1, 2026, would greatly simplify the bill's administration while still accomplishing its core objectives.

The preliminary fiscal impact estimate is not available at this time, but the bill would have an impact on local tax receipts. The bill's administrative costs will depend on how refunds are administered, and the exact cost estimate is under review.

The Administration looks forward to working with the Committee on the bill.