

**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: *April 3, 2025*

LD 807 – “An Act to Limit the Number of Free Motor Vehicle Registrations That May Be Provided to a Disabled Veteran and Reimburse Municipalities for the Loss of Excise Taxes”

Senator Nagle, Representative Crafts, and members of the Transportation 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 807, *“An Act to Limit the Number of Free Motor Vehicle Registrations That May Be Provided to a Disabled Veteran and Reimburse Municipalities for the Loss of Excise Taxes.”*

First, the bill does not outline the timeline by which municipalities must notify the Secretary of State of lost revenues, or the process by which the State Controller must distribute those revenues to municipalities. Furthermore, the bill requires that the Secretary of State determine the amount of excise tax lost revenue and notify the State Controller of the amount of revenue to be reimbursed to each municipality. However, the bill does not specify whether these amounts are the same. These aspects of the program should be clarified.

Second, the bill summary states that the bill is intended to limit the number of vehicles a disabled veteran may claim as exempt from excise tax. However, what the bill actually does is limit the number of free registrations a veteran is entitled to under Title 29-A. While veterans who receive free registration are

exempt from excise tax under 36 M.R.S. § 1483(12), that subsection also exempts from the excise tax other disabled veterans who are not required to have obtained free registration and would thus not be subject to the new limit in this bill.

Finally, this bill creates the first reimbursement program for revenues lost because of excise tax exemptions – the potential precedent set by the bill should be carefully considered.

A fiscal estimate of the costs associated with this bill is not available at this time, but the creation of a new reimbursement program would incur a fiscal cost. The Secretary of State would have the best data to estimate the amount of state reimbursement. The administrative costs are also unclear at this time, but some costs would likely be incurred by the Secretary of State to administer the reimbursements.

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.