

OFFICE OF FISCAL AND PROGRAM REVIEW

Work Session Date: March 1, 2013

To: Members, Joint Standing Committee on Taxation

From: Elizabeth Cooper, Legislative Analyst

LD 167, An Act To Base the Motor Vehicle Excise Tax on the Purchase Price of the Motor Vehicle

Summary: This bill requires that the excise tax for all motor vehicles and camper trailers be based upon the purchase price of the vehicle and defines "purchase price" as the actual amount of money financed or paid by the consumer after any rebates or discounts. Either the original bill of sale or the state sales tax document may be used to verify the purchase price.

Public Hearing:

Proponents

- The sponsor presented the bill and indicated that he would be open to amending the bill.
- Those testifying in support of the bill included: Representative Chipman who suggested an amendment (see written testimony and a representative of the Maine Automobile Dealers Association.
- *Major points:* current law drives people toward buying older cars; this change would be helpful to low and middle income residents.

Opposed

- Representatives from Maine Municipal Tax Collectors' and Treasurers' Association, Maine Municipal Association and a representative of Maine Service Center Coalition testified in opposition to the bill.
- *Major points:* current law ensures equity; mill rates for excise tax are same as past; may be difficult to find original bill of sale; current provisions applicable to commercial vehicles and buses reimburses the municipalities for lost revenue compared to MSRP; a 2009 citizen initiative related to the excise tax was defeated.

NFNA - none

Technical Issues: Should the Committee choose to move forward with this bill there are several technical issues that should be addressed in an amendment including municipal reimbursement for excise taxes pursuant to Title 29-A section 553-A; definitional issues and how the purchase prices will be determined in the absence of the initial bill of sale; state sales tax document is no longer available.

Similar bills: LD 436 (125th), LD 381 (124th), LD 1905 (123rd), LD 345 (122nd), LD 204 (121st) and LD 1248 (120th)

Additional Information: Information on motor vehicle taxes and fees; state comparisons

Fiscal Information: The preliminary fiscal impact was not available at the time this analysis was completed.