

## OFFICE OF FISCAL AND PROGRAM REVIEW

Date: April 1, 2013  
To: Members, Joint Standing Committee on Taxation  
From: Elizabeth Cooper, Legislative Analyst

### **LD 614, An Act To Adjust Fuel Taxes To Improve Sustainability**

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**Summary:** This bill changes the excise tax on gasoline, distillates and low-energy fuel from a fixed amount per gallon to a formula that includes a fixed amount per gallon plus 5% of the retail value of that gallon.

#### **Public Hearing:**

##### Proponents

- The sponsor presented the bill and provided written testimony.
- Testimony in support of the bill was provided by representatives for the Maine Better Transportation Association and the American Council of Engineering Companies. Written testimony in favor of the bill was submitted by Maine Transit Association.
- *Major points:* Highway Fund revenues have stagnated; provided information comparing the Highway Fund and General Fund revenue growth, comparison of gasoline taxes by vehicle type and 2012 Report Card on Maine's Infrastructure prepared by the American Society of Civil Engineers; need a more robust mix of revenue streams; other options - vehicle miles traveled; work in other states - Virginia's wholesale sales tax/hybrid registration fees; Iowa and Oregon.

##### Opposed

- Testimony against the bill was provided by representatives of forest products businesses, Rumford Paper Company, Maine Energy Marketers Association, Bureau of Motor Vehicles and Maine Motor Transportation Association. Written testimony in opposition to the bill was provided by Maine Forest Products Council and National Federation of Independent Business.
- *Major points:* negative impact on forest products industry/trucking industry; fuel big cost driver; revenue stream proposed in bill is not dedicated to roads and bridges; makes fuel taxes less predictable; Maine BMV administers the International Fuel Tax Agreement (IFTA) - variable sales tax is incompatible with IFTA; there may be compatible alternatives if Committee is interested in price-based motor fuel tax.

##### NFNA

- Maine Municipal Association testified "neither for nor against" the bill. Maine Clean Communities (MC<sup>2</sup>) provided written testimony.
- *Information provided:* MMA is opposed to bill as written, but supports goal of addressing the Highway Fund revenue issues; MC<sup>2</sup> provided information about past equalization of highway excises taxes; complex issue; should maintaining parity among all transportation fuel.

**Fiscal Information:** The preliminary fiscal impact statement was not available at the time this analysis was finalized. The most current fiscal information can be found online at:

[www.mainelegislature.org/LawMakerWeb/search.asp](http://www.mainelegislature.org/LawMakerWeb/search.asp).