

124th MAINE LEGISLATURE

LD 974

LR 1936(01)

An Act To Decrease the Automobile Excise Tax and Promote Energy Efficiency

Fiscal Note for Original Bill

Sponsor: Initiated Bill

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	2009-10	2010-11	Projections 2011-12	Projections 2012-13
Net Cost (Savings)				
General Fund	\$2,488,540	\$4,977,871	\$5,477,097	\$6,008,950
Highway Fund	\$476,965	\$953,930	\$953,930	\$953,930
Appropriations/Allocations				
Other Special Revenue Funds	(\$316,012)	(\$632,025)	(\$632,025)	(\$632,025)
Revenue				
General Fund	(\$2,488,540)	(\$4,977,871)	(\$5,477,097)	(\$6,008,950)
Highway Fund	(\$476,965)	(\$953,930)	(\$953,930)	(\$953,930)
Other Special Revenue Funds	(\$920,215)	(\$1,840,430)	(\$1,865,878)	(\$1,893,870)

Fiscal Detail and Notes

The implementation of this initiated bill is contingent upon approval by the voters at referendum in November of 2009. If adopted, it will exempt from sales and use tax the sale or lease price of a new hybrid gasoline-electric vehicle, a fuel-cell-fueled or hydrogen-fueled vehicle or a vehicle with fuel economy of at least 40 miles per gallon effective January 1, 2010. The exemption from sales and use tax will reduce General Fund revenue by \$2,417,512 in fiscal year 2009-10 and \$4,835,025 in fiscal year 2010-11. This exemption will also reduce Local Government Fund revenue by \$127,238 in fiscal year 2009-10 and \$254,475 in fiscal year 2010-11.

This bill also proposes to reduce the excise tax imposed on certain motor vehicles. This would result in a reduction in General Fund revenues of \$71,028 in fiscal year 2009-10 and \$142,057 in fiscal year 2010-11. It would also reduce Other Special Revenue Funds revenue by \$792,977 in fiscal year 2009-10 and \$1,585,955 in fiscal year 2010-11 for excise tax collected through the International Registration Plan. Since these revenues are used to reimburse municipalities through the Municipal Excise Tax Reimbursement program, reimbursements to municipalities would be reduced by \$316,012 in fiscal year 2009-10 and \$632,025 in fiscal year 2010-11. Any remaining revenues collected through the International Registration Plan are transferred to the Highway Fund. Accordingly, Highway Fund revenue would decrease by \$476,965 in fiscal year 2009-10 and \$953,930 in fiscal year 2010-11.

The bill would decrease excise tax revenue to municipalities beginning in January 2010 by an estimated \$83.2 million annually. Based on data from the Secretary of State, Bureau of Motor Vehicles and Maine Revenue Services, these changes would reduce municipal motor vehicle excise taxes by 40%. Total municipal motor vehicle excise tax revenue in calendar year 2006 as reported to Maine Revenue Services was \$207.9 million.