



126th MAINE LEGISLATURE

LD 167

LR 810(02)

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

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

State Mandate - Unfunded

State Mandates

Required Activity

Beginning in 2015, municipalities will be required to annually update databases or other necessary resources to account for changes in the mill rates assessed on either the purchase price or 90% of the maker's list price, if the purchase price is unavailable, of certain motor vehicles registered.

Unit Affected

Municipality

Local Cost

Insignificant statewide

The required local activities in this bill may represent a State mandate pursuant to the Constitution of Maine. Unless General Fund appropriations are provided to fund at least 90% of the additional costs or a Mandate Preamble is amended to the bill and two-thirds of the members of each House vote to exempt this mandate from the funding requirement, municipalities may not be required to implement these changes.

Fiscal Detail and Notes

The bill requires that the motor vehicle excise tax imposed on all motor vehicles and camper trailers be based upon the purchase price actually financed or paid by the consumer or 90% of the maker's list price if the purchase price is unavailable. Current law uses the maker's list price as the base to apply different mill rates depending on the age of each vehicle. The bill increases mill rates in each age bracket to compensate for the loss of revenue to municipalities. Maine Revenue Services indicates the new rates would produce excise tax collections within 2% of the amount collected under current law. Beginning in 2015 the State Tax Assessor is required to annually calculate mill rates for the excise tax based on purchase price that would generate the same amount of revenue that would have been generated based on the maker's list price and then adjust those mill rates for changes in the Consumer Price Index from the base year of 2013. Since the effective date of this bill will most likely be sometime in late September, the base year of 2013 would be impacted for approximately one quarter of the calendar year. Maine Revenue Services will incur minor costs to annually gather the necessary data, make the necessary calculations and disseminate the information to municipalities.