

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: February 17, 2011

To: Members, Joint Standing Committee on Taxation

From: Elizabeth Cooper, Legislative Analyst

L.D. 52 An Act To Dedicate a Percentage of the Sales and Use Tax on Motor Vehicles and Motor Vehicle Parts to the Highway Fund

Summary: This bill provides that 20% of the sales or use tax on motor vehicles and motor vehicle parts must be transferred to the Highway Fund beginning in 2012.

Public Hearing:

Proponents

- The sponsor presented the bill indicating that with limitations on bonding and issues with the gasoline and special fuel tax revenue, the Legislature needs to look at diversifying revenue sources for the highway fund.
- Those testifying in support included: general contractors, representatives from Maine Aggregate Association, Associated General Contractors, Maine Better Transportation Association and Maine Motor Association.
- Major points included: poor condition of roads, some not properly constructed, need for investment in transportation, need to plan for future of highway fund.

Opposed

- Those testifying in opposition included: Maine Municipal Association
- Major points included: Although municipal officials are frustrated with deterioration of infrastructure and believe “road-dedicated resources” are needed, there is concern about this money coming out of the General Fund and how it impacts core services that are significant to municipalities.

NFNA

- Those testifying “neither for nor against” included: Portland Area Comprehensive Transportation System (PACT)
- Provided information collector roads and funding needs.

Additional Information Requested:

- Information on elimination of gas tax indexing vs this proposal going forward
- Amount of highway miles in UT
- Recommendations of how to fill the GF gap created by this proposal
- MMA recommendations for alternative highway funding

Technical Issues:

- Several issues raised in MRS memo that should be discussed as possible amendments for drafting purposes should the Committee decide to move forward with this bill.