

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Dedicate 20 Percent of the Sales Tax on Motor Vehicles to the Highway Fund

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 29-A MRSA §409, sub-§3, as enacted by PL 1993, c. 683, Pt. A, §2 and affected by Pt. B, §5, is amended to read:

3. Collection fee. Each official shall retain from the use taxes collected a fee of \$1.25 for each vehicle or truck camper, even if a certificate indicates that no use tax is due.

Retained fees must be transmitted to the Treasurer of State and credited to the Highway Fund.

Taxes collected must be transmitted to the Treasurer of State and credited to the General Fund, except that 20% of the tax collected from the tax imposed pursuant to Title 36, Part 3 on vehicles must be deposited in the General Highway Fund established in Title 23, section 1651.

Sec. 2. 36 MRSA §1952-A, as amended by PL 2005, c. 218, §26, is further amended to read:

§ 1952-A. Payment of tax on vehicles and recreational vehicles

The tax imposed by this Part on the sale or use of any vehicle, snowmobile, all-terrain vehicle or watercraft must, except where the dealer has collected the tax in full, be paid by the purchaser or other person seeking registration of the vehicle, snowmobile, all-terrain vehicle or watercraft at the time and place of registration. In the case of vehicles, the tax must be collected by the Secretary of State and transmitted to the Treasurer of State as provided by Title 29-A, section 409. If the dealer collects the tax due under this Part on the sale of vehicles, 20% of that tax collected must be deposited by the Treasurer of State in the General Highway Fund established in Title 23, section 1651. In the case of watercraft, snowmobiles and all-terrain vehicles, the tax must be collected by the Commissioner of Inland Fisheries and Wildlife and transmitted to the Treasurer of State as provided by Title 12, sections 13002 to 13005.

SUMMARY

This bill dedicates 20% of the revenue collected from the sales tax imposed on motor vehicles to the General Highway Fund. The current sales tax on motor vehicles is 5%. This bill maintains that rate but dedicates 20% of the revenue from the sales tax imposed on motor vehicles, which is equivalent to 1% of the taxable sales that are subject to the 5% tax.