

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 Amend the Excise Tax on Motor Vehicles To Reflect Depreciation

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

Sec. 1. 36 MRSA §1482, sub-§1, ¶C, as amended by PL 2001, c. 671, §32, is further amended to read:

C. For the privilege of operating a motor vehicle or camper trailer on the public ways, each motor vehicle, other than a stock race car, or each camper trailer to be so operated is subject to excise tax as follows, except as specified in subparagraph (3): a sum equal to ~~24~~20 mills on each dollar of 95% of the maker's list price for the first or current year of model, ~~17 1/2~~17 mills on each dollar of 90% of the maker's list price for the 2nd year, ~~13 1/2~~13 mills on each dollar of 85% of the maker's list price for the 3rd year, ~~10~~10 mills on each dollar of 70% of the maker's list price for the 4th year, ~~6 1/2~~6 mills on each dollar of 50% of the maker's list price for the 5th year and ~~4~~4 mills on each dollar of 15% of the maker's list price for the 6th and succeeding years. The minimum tax is \$5 for a motor vehicle other than a bicycle with motor attached, \$2.50 for a bicycle with motor attached, \$15 for a camper trailer other than a tent trailer and \$5 for a tent trailer. The excise tax on a stock race car is \$5.

(1) On new registrations of automobiles, trucks and truck tractors, the excise tax payment must be made prior to registration and is for a one-year period from the date of registration.

(2) Vehicles registered under the International Registration Plan are subject to an excise tax determined on a monthly proration basis if their registration period is less than 12 months.

(3) For commercial vehicles manufactured in model year 1996 and after, the amount of excise tax due for trucks or truck tractors registered for more than 26,000 pounds and for Class A special mobile equipment, as defined in Title 29-A, section 101, subsection 70, is based on the purchase price in the original year of title rather than on the list price. Verification of purchase price for the application of excise tax is determined by the initial bill of sale or the state sales tax document provided at point of purchase. The initial bill of sale is that issued by the dealer to the initial purchaser of a new vehicle.

For motor vehicles being registered pursuant to Title 29-A, section 405, subsection 1, paragraph C, the excise tax must be prorated for the number of months in the registration.

SUMMARY

Under current law, the base of the motor vehicle excise tax remains unchanged for the purposes of the tax throughout the life of the motor vehicle as the manufacturer's suggested retail price, or maker's list price, and the rate that is applied to that base depreciates over a 6-year period from 24 mils to 4 mils. Under this bill, the rate of the motor vehicle excise tax remains unchanged throughout the life of the vehicle, but the base depreciates over the same 6-year period from 95% of the maker's list price to 15% of the maker's list price, to better reflect the depreciating actual value of the vehicle.