

## OFFICE OF FISCAL AND PROGRAM REVIEW

Date: May 20, 2013  
To: Members, Joint Standing Committee on Taxation  
From: Elizabeth Cooper, Legislative Analyst  
Re: Final Amendment Review – LD 996

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An amendment and fiscal note for LD 996 is attached for your review.

### **LD 996, An Act To Improve the Accuracy of Fuel Tax Reporting**

- The Committee voted OPA on April 8, 2013 and reconsidered on May 7, 2013 with a unanimous OPA report.
- This amendment replaces the bill and allows an option of using net gallons, which take temperature into account, when calculating inventory taxes instead of taking the loss allowance.
- The fiscal note is attached.

Please let me know if you have any questions or concerns.



# 126th MAINE LEGISLATURE

LD 996

LR 489(02)

## An Act To Improve the Accuracy of Fuel Tax Reporting

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
<b>Net Cost (Savings)</b>				
General Fund	\$142	\$203	\$203	\$203
Highway Fund	\$256,571	\$366,530	\$366,530	\$366,530
<b>Revenue</b>				
General Fund	(\$142)	(\$203)	(\$203)	(\$203)
Highway Fund	(\$256,571)	(\$366,530)	(\$366,530)	(\$366,530)
Other Special Revenue Funds	(\$23,287)	(\$33,267)	(\$33,267)	(\$33,267)

#### Fiscal Detail and Notes

This bill proposes to calculate the shrinkage allowance on net gallons of fuel and would result in a decrease in Highway Fund revenue by \$256,571 in fiscal year 2013-14 and \$366,530 in fiscal year 2014-15 and beyond. It will also decrease General Fund revenue and Other Special Revenue Funds revenue within the Departments of Agriculture, Conservation and Forestry, Inland Fisheries and Wildlife and Marine Resources, as well as the TransCap Trust Fund within the Maine Municipal Bond Bank, for their portions of fuel tax receipts.

UPDATED REVISED  
AMENDMENT

L.D. 996

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**TAXATION**

Reproduced and distributed under the direction of the Secretary of the Senate.

**STATE OF MAINE  
SENATE  
126TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT " " to S.P. 341, L.D. 996, Bill, "An Act To Improve the Accuracy of Fuel Tax Reporting"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

**Sec. 1. 36 MRSA §2902, sub-§7** is enacted to read:

7. Net gallons. "Net gallons" means the amount of internal combustion engine fuel measured in gallons when adjusted to a temperature of 60 degrees Fahrenheit and a pressure of 14.7 pounds per square inch.

**Sec. 2. 36 MRSA §2906, sub-§3**, as amended by PL 2009, c. 434, §44, is further amended to read:

**3. Allowance for certain losses.** An allowance of not more than 1/2 of 1% from the amount of internal combustion engine fuel received by a licensed distributor, plus 1/2 of 1% on all transfers in vessels, tank cars or full tank truck loads by a licensed distributor in the regular course of the licensed distributor's business from one of the licensed distributor's places of business to another within the State, may be granted by the assessor to cover losses sustained by the licensed distributor through shrinkage, evaporation or handling. The total allowance for these losses must be supported by documentation satisfactory to the assessor and may not exceed 1% of the receipts by the licensed distributor. The allowance must be calculated on an annual basis. A further deduction may not be allowed unless the assessor is satisfied upon definite proof submitted to the assessor that a further deduction should be allowed for a loss sustained through fire, accident or some unavoidable calamity. If a licensed distributor elects to account for fuel using net gallons, the allowance under this subsection is not applicable.

**Sec. 3. 36 MRSA §3202, sub-§4-A** is enacted to read:

4-A. Net gallons. "Net gallons" means the amount of special fuel measured in gallons when adjusted to a temperature of 60 degrees Fahrenheit and a pressure of 14.7 pounds per square inch.

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Sec. 4. 36 MRSA §3203, sub-§5, as amended by PL 2009, c. 434, §50, is further amended to read:

5. Allowance for certain losses of undyed distillates. An allowance of not more than 1/4 of 1% from the amount of undyed distillates received by a licensed supplier, plus 1/4 of 1% on all transfers in vessels, tank cars or full tank truck loads by the licensed supplier in the regular course of business from one of the licensed supplier's places of business to another of the licensed supplier's places of business within the State, may be allowed by the assessor to cover the loss through shrinkage, evaporation or handling sustained by the licensed supplier. The total allowance for these losses must be supported by documentation satisfactory to the assessor and may not exceed 1/2 of 1% of the receipts by the licensed supplier. The allowance must be calculated on an annual basis. A further deduction may not be allowed unless the assessor is satisfied upon definite proof submitted to the assessor that a further deduction should be allowed for a loss sustained through fire, accident or some unavoidable calamity. If a licensed supplier elects to account for fuel using net gallons, the allowance under this subsection is not applicable.

Sec. 5. Application. This Act applies to tax returns filed for calendar year 2014 and after.'

**SUMMARY**

This amendment replaces the bill and allows, beginning with tax returns filed for calendar year 2014, an option of using net gallons, which take temperature into account, when calculating inventory taxes on internal combustion engine fuel and special fuel instead of taking the allowance for certain losses.

**FISCAL NOTE REQUIRED**

(See attached)