

MAINE STATE LEGISLATURE

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L.D. 2686

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DATE: 4/26/00

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STATE OF MAINE
SENATE
119TH LEGISLATURE
SECOND REGULAR SESSION

SENATE AMENDMENT "A" to S.P. 1082, L.D. 2686, Bill, "An Act Related to Sales Tax on Vehicles Leased and Removed from the State and Watercraft Used in Interstate Commerce"

Amend the bill by striking out all of sections 1 and 2 and inserting in their place the following:

Sec. 1. 36 MRSA §1760, sub-§23, as amended by PL 1999, c. 708, §26 and affected by §52, is further amended to read:

23. **Certain vehicles purchased or leased by nonresidents.** Sales or leases of the following vehicles ~~purchased~~ by ~~to~~ a nonresident and if the vehicle is intended to be driven or transported outside the State immediately upon delivery ~~by~~ ~~the~~ seller:

- A. Motor vehicles, except all-terrain vehicles as defined in Title 12, section 7851 and snowmobiles as defined in Title 12, section 7821;
- B. Semitrailers;
- C. Aircraft;
- D. Truck bodies and trailers manufactured in the State; and
- E. Camper trailers, including truck campers.

If the vehicles are registered for use in the State within 12 months of the date of purchase, the person seeking registration is liable for use tax on the basis of the original purchase price.

Notwithstanding section 1752-A, for purposes of this subsection, the term "nonresident" may include an individual, an association, a society, a club, a general partnership, a limited partnership, a domestic or foreign limited liability company, a trust, an estate, a domestic or foreign corporation and any other legal entity.

This subsection is repealed June 30, 2001.

Sec. 2. 36 MRSA §1760, sub-§23-C is enacted to read:

23-C. Certain vehicles purchased by nonresidents. Sales of the following vehicles purchased by a nonresident and intended to be driven or transported outside the State immediately upon delivery by the seller:

A. Motor vehicles, except all-terrain vehicles as defined in Title 12, section 7851 and snowmobiles as defined in Title 12, section 7821;

B. Semitrailers;

C. Aircraft;

D. Truck bodies and trailers manufactured in the State; and

E. Camper trailers, including truck campers.

If the vehicles are registered for use in the State within 12 months of the date of purchase, the person seeking registration is liable for use tax on the basis of the original purchase price.

Notwithstanding section 1752-A, for purposes of this subsection, the term "nonresident" may include an individual, an association, a society, a club, a general partnership, a limited partnership, a domestic or foreign limited liability company, a trust, an estate, a domestic or foreign corporation and any other legal entity.

Sec. 3. 36 MRSA §1760, sub-§41, as amended by PL 1987, c. 497, §38, is further amended to read:

41. Certain instrumentalities of interstate or foreign commerce. The sale of a vehicle, railroad rolling stock, aircraft or watercraft which that is placed in use by the purchaser as an instrumentality of interstate or foreign commerce within 30 days after that sale and which that is used by the purchaser not less than 80% of the time for the next 2 years as an instrumentality of interstate or foreign commerce. The State Tax Assessor may for good cause extend for not more than 60 days the time for

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placing the instrumentality in use in interstate or foreign commerce. For purposes of this subsection, property is "placed in use as an instrumentality of interstate or foreign commerce" by its carrying of, or providing the motive power for the carrying of, a bona fide payload in interstate or foreign commerce, or by being dispatched to a specific location at which it will be loaded upon arrival with, or will be used as motive power for the carrying of, a payload in interstate or foreign commerce. For purposes of this subsection, "bona fide payload" means a cargo of persons or property transported by a contract or common carrier for compensation which that exceeds the direct cost of carrying that cargo or pursuant to a legal obligation to provide service as a public utility or a cargo of property transported in the reasonable conduct of the purchaser's own nontransportation business in interstate commerce.

A. For purposes of the requirement under this subsection that a watercraft be placed in use by the purchaser as an instrumentality of interstate or foreign commerce within 30 days after its sale and not less than 80% of the time for the next 2 years, the 30-day period and the 2-year period are tolled during any time period in which the watercraft is under construction, not in the physical possession of the purchaser or otherwise incapable of being used by the purchaser to carry a bona fide payload in interstate or foreign commerce. The exemption applies to any components, equipment or materials installed during construction, refitting, renovation, retrofitting, repair or refurbishment of a watercraft. The exemption does not apply to any components, equipment or materials installed after a watercraft has been placed in use in the State by the purchaser as an instrumentality of interstate or foreign commerce. This paragraph is repealed September 1, 2000.'

Further amend the bill by inserting after section 3 the following:

'**Sec. 4. Effective date.** That section of this Act that enacts the Maine Revised Statutes, Title 36, section 1760, subsection 23-C takes effect June 30, 2001.'

Further amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

FISCAL NOTE

This amendment reduces the General Fund costs of the bill by \$81,994 in fiscal year 2000-01, \$291,829 in fiscal year 2001-02

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and \$304,729 in fiscal year 2002-03. As amended, this bill will have net General Fund costs of \$191,544 in fiscal year 1999-00 and \$179,190 in fiscal year 2000-01 and will have no General Fund costs beginning in fiscal year 2001-02.

As amended, the limited-period sales and use tax exemption for certain watercraft used in interstate commerce and certain leased vehicles will decrease sales and use tax collections by \$201,838 in fiscal year 1999-00 and \$188,820 in fiscal year 2000-01. The reduction of these tax collections will decrease the amounts transferred to the Local Government Fund for state-municipal revenue sharing by \$10,294 and \$9,630, respectively, resulting in net reductions of General Fund revenue of \$191,544 in fiscal year 1999-00 and \$179,190 in fiscal year 2000-01.

SUMMARY

This amendment repeals the extension of the sales tax exemption for watercraft used in interstate or foreign commerce on September 1, 2000. This amendment also repeals the extension of the sales tax exemption for certain vehicles leased by nonresidents on June 30, 2001.

SPONSORED BY: Michael H. Michaud
(Senator MICHAUD)

JMB

COUNTY: Penobscot