

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

SECOND REGULAR SESSION-2000

Legislative Document

No. 2686

S.P. 1082

In Senate, April 8, 2000

**An Act Related to Sales Tax on Vehicles Leased and Removed from the
State and Watercraft Used in Interstate Commerce.**

Reported by Senator RUHLIN of Penobscot for the Joint Standing Committee on Taxation
pursuant to Joint Order S.P. 1065.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

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

2
4 **Sec. 1. 36 MRSA §1760, sub-§23**, as repealed and replaced by PL 1993, c. 395, §15, is amended to read:

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

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

16 B. Semitrailers;

18 C. Aircraft;

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

22 E. Camper trailers, including truck campers.

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

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

34
36 **Sec. 2. 36 MRSA §1760, sub-§41**, as amended by PL 1987, c. 497,
37 §38, is further amended to read:

38 **41. Certain instrumentalities of interstate or foreign**
39 **commerce.** The sale of a vehicle, railroad rolling stock, aircraft
40 or watercraft ~~which~~ that is placed in use by the purchaser as an
41 instrumentality of interstate or foreign commerce within 30 days
42 after that sale and ~~which~~ that is used by the purchaser not less
43 than 80% of the time for the next 2 years as an instrumentality
44 of interstate or foreign commerce. The State Tax Assessor may
45 for good cause extend for not more than 60 days the time for
46 placing the instrumentality in use in interstate or foreign
47 commerce. For purposes of this subsection, property is "placed in
48 use as an instrumentality of interstate or foreign commerce" by
49 its carrying of, or providing the motive power for the carrying
50 of, a bona fide payload in interstate or foreign commerce, or by

2 being dispatched to a specific location at which it will be
 4 loaded upon arrival with, or will be used as motive power for the
 6 carrying of, a payload in interstate or foreign commerce. For
 8 purposes of this subsection, "bona fide payload" means a cargo of
 10 persons or property transported by a contract or common carrier
 12 for compensation which that exceeds the direct cost of carrying
 14 that cargo or pursuant to a legal obligation to provide service
 16 as a public utility or a cargo of property transported in the
 18 reasonable conduct of the purchaser's own nontransportation
 20 business in interstate commerce. For purposes of the requirement
 22 under this subsection that a watercraft be placed in use by the
 24 purchaser as an instrumentality of interstate or foreign commerce
 26 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.

28 **Sec. 3. Application.** That section of this Act that amends the
 30 Maine Revised Statutes, Title 36, section 1760, subsection 41
 applies retroactively to January 1, 1994, but may not be the
 basis for any refund claim.

32 **FISCAL NOTE**

	1999-00	2000-01
REVENUES		
General Fund	(\$191,544)	(\$261,184)
Other Funds	(10,294)	(14,036)

42 The sales and use tax exemptions for certain watercraft used
 44 in interstate commerce and certain vehicles leased by
 nonresidents will decrease sales and use tax collections by
 \$201,838 in fiscal year 1999-00 and \$275,220 in fiscal year
 46 2000-01. The reduction of these tax collections will decrease
 the amounts transferred to the Local Government Fund for
 48 state-municipal revenue sharing in those years by \$10,294 and
 \$14,036, respectively. The resulting net reductions of General

2 Fund revenue will be \$191,544 in fiscal year 1999-00 and \$261,184
in fiscal year 2000-01.

4 The Bureau of Revenue Services within the Department of
6 Administrative and Financial Services will incur some minor
8 additional costs to implement these sales tax changes. These
costs can be absorbed within the bureau's existing budgeted
resources.

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SUMMARY

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14 This bill extends the sales tax exemption for vehicles
purchased by nonresidents to include leases of vehicles to
16 nonresidents. The bill amends the sales tax exemption for
watercraft used in interstate or foreign commerce by extending
the time period within which the watercraft must be put to use in
18 interstate or foreign commerce if the watercraft is not capable
of use for that purpose.