

MAINE STATE LEGISLATURE

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STATE OF MAINE

16

Inter-Departmental Memorandum Date August 12, 1963

To Ernest W. Johnson, State Tax Assessor Dept. Bureau of Taxation

From Ralph W. Ferris, Assistant Attorney General Dept. " " "

Subject Taxation of Motor Vehicles Kept on Hand for Sale by Motor Vehicle Dealers.

I have your request of July 26, 1963, for an opinion on the subject matter of taxation of motor vehicles kept on hand by dealers and not registered on April 1 of each year under section 3 of Chapter 91-A, R.S. as amended; this statute provides that "personal property employed in trade and manufacturer's inventories of raw materials, unfinished and finished goods, shall be taxed on the average amount kept on hand for sale or for processing during the preceding taxable year The taxable year shall be from April 1st to April 1st."

The legislature in enacting this formula was not limited to construe the statute so narrowly as would defeat the purpose for which it was intended. *Empire Knitting Mills v. Bangor* 155 Me. 270, 153 A. (2d) 118.

In the case of *Steele v. Smalley*, 141 Me. 353, 357, 44 A (2d) 213, the Court said: "It is the duty of the Court to interpret the language of a statute so as to carry out the obvious purpose which the legislature had in mind." The fundamental rule in the construction of a statute is the legislative intent. It is the intent as expressed in the statute but interpreted with reference to the apparent purpose and subject matter of the legislation. *Sata v. Goudin*, 152 Me. 13, 120 A (2d) 523. *Hunter v. Tolman*, 145 Me. 259, 80 A (2d) 401; *Graughwell v. Trust Co.* 115 Me. 331, 39 A. 221.

It is apparent that the subject matter of Chapter 308, P.L. 1959 was to clarify the excise tax on aircraft, house trailers and motor vehicles, and in our opinion the exemption of the personal property on motor vehicles was not the intent of the lawmakers.

In regard to exemptions contained in section 10 of Chapter 91-A and section 125 of Chapter 91-A as enacted and amended by Chapter 308 of the Public Laws of 1959, this language was added to the statute in 1959 by a revision of the motor vehicle excise tax law, to remove it from the motor vehicle excise tax law, and transfer same to the property tax law, section 3, Chapter 91-A, which was in effect when Chapter 308, P.L. 1959 was enacted.

Ernest H. Johnson, State Tax Assessor

August 12, 1963

In section 10, V, N, the statute reads: "Vehicles exempt from excise tax in accordance with section 125, P.L. 1959, Chapter 308, section 2."

It is our opinion that motor vehicles held by dealers as stock in trade on April 1st and who also hold registration dealers plates for any or all the motor vehicles on hand on April 1st should be taxed under section 3, of Chapter 91-A, R.S. 1954, as personal property.

The state legislature set up a board for dealers to register by the Secretary of State on all stock in trade vehicles so that the dealers do not have to register each motor vehicle owned or controlled by him. It is our opinion that the legislature did not intend by implication to exempt from taxation all motor vehicles held as stock in trade by dealers on April 1st of each year when enacting this statute.

The legislature enacted section 3, of Chapter 91-A, under Public Laws, 1955, relating to stock in trade on the first of April of each year and was in effect on September 11, 1959, when the present excise tax exemption statute became effective, for that reason we must decide that the enactment of the clarification of the motor vehicle excise tax law, in Chapter 308, P.L. 1959, did not affect section 3 of Chapter 91-A, R.S. 1954, as amended by the Public Laws of 1955.

RWF:epd

STATE OF MAINE

Inter-Departmental Memorandum Date July 26, 1963

To Ralph W. Farris, Assistant Attorney General Dept. Bureau of Taxation

From Ernest H. Johnson, State Tax Assessor Dept. Bureau of Taxation

Subject Taxation of motor vehicles kept on hand for sale by motor vehicle dealers

Mr. Davis of Calais has raised a question regarding the property taxation of inventories of automobile dealers, on the ground that section 125 of chapter 91-A exempts from the excise tax the vehicles owned by bona fide dealers which are held for demonstration and sale and constitutes stock-in-trade, and section 10 of chapter 91-A exempts from the property tax vehicles which are exempt from the excise tax in accordance with section 125. I have written to Mr. Davis explaining that in my opinion, while the language of the statute is somewhat inadvertent, I do not believe that legislative intent would justify construction of the statute to the effect that motor vehicles held as stock-in-trade are to be subject neither to excise nor to property taxes. I enclose a copy of that letter.

Mr. Davis has now replied requesting that an opinion be obtained from the office of the Attorney General on this question. Will you therefore review the matter, and advise as to your conclusions.

EHJ:j

