

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
108TH LEGISLATURE  
FIRST REGULAR SESSION

(Filing NO. H-843)

COMMITTEE AMENDMENT "A" to H.P. 1290, L.D. 1537, Bill,  
"AN ACT to Provide for a Local Excise Tax on Watercraft."

Amend the Bill by striking out everything after the  
enacting clause and inserting in its place the following:

'Sec. 1. 12 MRSA §2070, sub-§11 is enacted to read:

11. Renewal of motorboat registration. No motorboat  
owner may renew the registration of his boat pursuant to this  
chapter, unless he shall present to the official responsible  
for registration receipts signed by a tax collector for the  
excise tax owed under/Title 36, section 1493.on his boat since the last registration  
of his boat.

Sec. 2. 36 MRSA §655, sub-§1, ¶P is enacted to read:

P. All watercraft and motors for which an excise tax  
is due pursuant to section 1493.

Sec. 3. 36 MRSA §§ 1492 and 1493 are enacted to read:

§1492. Reimbursement for revenue loss

The Treasurer of  
State shall reimburse each municipality on or before  
December 15th of the years 1978, 1979, 1980, 1981 and 1982,  
a percentage of revenues actually lost from the exemption of  
watercraft from the personal property tax on the basis of the  
distribution system set forth in paragraph B.

A. Revenues actually lost shall be construed to mean  
the actual property tax assessed and collected upon  
watercraft, as defined by section 1493, subsection 1,  
paragraph C, for the tax year beginning April 1, 1976.

B. Based upon the actual property tax assessed and collected upon watercraft, as defined by section 1493, subsection 1, paragraph C, in the tax year beginning on April 1, 1976, the Treasurer of State shall:

(1) For the tax year beginning April 1, 1978, reimburse the municipality up to 100% of the actual revenues lost between those actually collected from the property tax on watercraft in the tax year beginning April 1, 1976, and those collected from the excise tax on watercraft;

(2) For the tax year beginning April 1, 1979, reimburse the municipality up to 80% of the actual revenues lost between those actually collected from the property tax on watercraft in the tax year beginning April 1, 1976, and those collected from the excise tax on watercraft;

(3) For the tax year beginning April 1, 1980, reimburse the municipality up to 60% of the actual revenues lost between those actually collected from the property tax on watercraft in the tax year beginning April 1, 1976, and those collected from the excise tax on watercraft;

(4) For the tax year beginning April 1, 1981, reimburse the municipality up to 40% of the actual revenues lost between those actually collected from the property tax on watercraft in the tax year beginning April 1, 1976, and those collected from the excise tax on watercraft; and

(5) For the tax year beginning April 1, 1982, reimburse the municipality up to 20% of the actual revenues lost between those actually collected from the property tax on watercraft in the tax year beginning April 1, 197 and those collected from the excise tax on watercraft.

§1493. Municipal excise taxes on watercraft

1. Definitions. As used in this section, unless the context otherwise indicates, the following words shall have the following meanings.

A. "Length" shall be stated in feet and inches and defined as the straight line measurement over the deck, excluding sheer, from the foremost part of the watercraft to the aftermost part, measured parallel to the center line, excluding outboard motors, brackets, bowsprits, boomkins, rudders and similar attachments.

B. "Lifeboats" or "life rafts" shall be defined as watercraft customarily carried or required to be carried by a larger vessel for purposes of rescuing the occupants of the vessel in case of danger.

C. "Watercraft" shall be defined as any type of vessel, boat or craft used or being used as a means of transportation

on water, other than a seaplane, which is required to be or is registered or documented in Maine and includes the motor attached to it and used to propel it.

D. "Year" shall refer to the fiscal year beginning April 1st.

2. Excise tax. An excise tax shall be levied annually on July 1st on all watercraft not exempted by section 3 and shall be computed annually as follows:

Class A	Under 16 ft. in length	\$ 5
Class 1	16 but under 26 ft. in length	15
Class 2	26 but under 41 ft. in length	30
Class 3	41 but under 65 ft. in length	50
Class 4	65 ft. and over in length	100

3. Exemptions. The following shall be exempt from excise tax:

A. Lifeboats or life rafts; and

B. Watercraft held by registered retailers as demonstrators or stock-in-trade.

4. Municipal tax collector. In the case of municipalities, the municipal tax collector or such other person as the municipality may designate shall assess and collect such excise tax and shall deposit the money received with the municipal treasurer. The collector may abate any excise tax erroneously assessed.

4K. The collector shall report to the municipal officers at the end of the municipal year, showing the total amount of excise tax collected and abated.

In the case of the unorganized territory, the State Tax Assessor shall assess and collect the excise tax.

5. Where paid. The excise tax shall be paid in the case of a resident in the place where he resides, or in the case of a Maine resident of the unorganized territory to the State Tax Assessor. In the case of nonresidents registering watercraft in this State, the excise tax shall be paid in the place where the watercraft is located on July 1st.

6. Assessment and collection.

A. The excise tax shall be assessed according to the status of property on July 1st. The assessors of municipalities shall deliver a list of watercraft to be excised, indicating length and owner's name and address, to the municipal tax collector prior to August 1st annually. The tax shall be due on the same date as other property taxes. Interest on overdue excise tax assessments shall accrue at the same rate as other property taxes. A copy of the list supplied to the tax collector shall be included in the valuation list.

B. The municipal tax collector shall allow a credit for a mooring fee assessed against a boat owner according to Title 38, section 1-A. This credit must be applied for by the boat owner prior to July 1st annually. Evidence of the mooring fee shall be a receipt signed by the appropriate municipal officer. This credit shall be the lesser of:

- (1) The mooring fee; or
- (2) 50% of the excise tax owed.

7. Enforcement. The tax collector or the State Tax Assessor for the unorganized territory, within 3 years after the due date of an excise tax unpaid under this section, may bring an action in a District Court within the district where the excise tax was levied to recover the excise tax due and unpaid, providing that demand for payment has been sent to the taxpayer within 60 days of the tax due date and payment was not made within 30 days from the sending of the demand.

8. Disposition of tax. All excise tax fees collected by municipal tax collectors in excess of the actual property tax collected by that municipality on watercraft in the base year as described in subsection 4 shall be transmitted prior to November 15th of each year prior to 1981 to the Treasurer of State to be credited to the State Watercraft Tax Reimbursement Fund. For the year 1981 and thereafter, all excise tax fees collected shall be retained by the municipality.

9. Tax prerequisite for registration. Payment of the excise tax shall be a prerequisite for re-registration of a watercraft by the same owner.

Sec. 4. 38 MRS §1-A is enacted to read:

1-A. Mooring fee. The elected municipal officials may establish a mooring fee for boats moored in their harbor and waterways. This fee shall be collected by a person designated by the elected officials. The proceeds of this fee shall be dedicated to the maintenance and improvement of the municipal harbor and waterways.

Fiscal Note

The provisions of this amendment will result in an estimated loss to the General Fund of approximately:

For calendar year 1978 - \$700,800

For calendar year 1979 - \$616,960

Statement of Fact

The personal property tax on watercraft is not uniformly applied and there is a wide disparity between towns in watercraft assessments. There are in excess of 120,000 boats registered in Maine and it is very costly and virtually impossible for local assessors to check the value of each boat. The problem of watercraft assessment results from the total absence of uniform guidelines to value watercraft. Total revenues to municipalities from watercraft taxation are approximately \$1,000,000 annually statewide. The revenues collected under this amendment will produce in excess of that amount. Revenues collected from watercraft taxation as a percentage of municipalities total tax collections amount to 1% or less.

Inequities in the assessment of watercraft have in some cases caused boat owners to register their boats in neighboring states which do not tax them, thus avoiding not only property tax but <sup>also</sup> sales tax obligations to the State. The taxation of watercraft is detrimental to the boat building, boat yard business and the boating industry because of the absence of uniformity among towns, as well as putting these industries in a disadvantageous position to other coastal New England states.

In addition to valuations in assessment from town to town, mill rates vary greatly compounding the inequity. The



property tax on a boat valued at \$1,000, assuming full valuation, can vary from \$8,60 to \$596.

The purposes of this amendment are to:

1. Exempt watercraft from the personal property tax and replace this tax with an excise tax, graduated according to length;

2. Reimburse each municipality from the General Fund for the difference between the property tax it collected in 1976 and the excise tax it collects under this bill. This reimbursement would be phased out over a 5-year period;

3. Authorize a mooring fee that municipalities may establish. A boat owner will be allowed to obtain up to a 50% credit on his excise tax for paying such a mooring fee; and

4. Add a fiscal note.

Reported by the Majority of the Committee Taxation.

Reproduced and distributed under the direction of the Clerk of the House.

6/24/77

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