

# MAINE STATE LEGISLATURE

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(Filing No. H-1225)

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
108th LEGISLATURE  
SECOND REGULAR SESSION

HOUSE AMENDMENT"<sup>f</sup>" to H.P. 2216, L.D. 2184, Bill, "AN ACT to Provide for Reform of the State Tax Laws."

Amend the bill by striking out all of the title and inserting in its place the following:

'AN ACT to Provide for Reform of Certain Sales Taxes and to Appropriate Surplus Funds to the Maine State Retirement System and Treasury Department for Bonded Indebtedness.'

Further amend the bill by striking out everything after the enacting clause and inserting in its place the following:

'Sec. 1. 36 MRSA §1760, sub-§9 is amended to read:

9. Coal, oil and wood. Coal, oil, wood and all other fuels, except gas and electricity, when bought for cooking and heating in homes, mobile homes, hotels and apartment houses, and other buildings designed both for human habitation and sleeping;

Sec. 2. 36 MRSA §1760, sub-§§9-B and 9-C are enacted to read:

9-B. Residential electricity. Sale of the first 750 kilowatt hours of residential electricity per month. For the purpose of this subsection, "residential electricity" shall mean electricity furnished to homes, mobile homes, boarding homes and apartment houses, with the exception of hotels and motels:

9-C. Residential gas. Sales of gas when bought for cooking and heating in residences. For the purpose of this subsection, "residences" shall mean homes, mobile homes, boarding homes and apartment houses, with the exception of hotels and motels.

Sec. 3. 36 MRSA §1760, sub-§39 is enacted to read:

39. Water. Sales of water purchased for use in homes, mobile homes, boarding houses and apartment houses and other buildings designed for both human habitation and sleeping, with the exception of hotels and motels.

Sec. 4. 36 MRSA §1765, as last repealed and replaced by PL 1975, c. 765, §20, is repealed and the following enacted in its place:

§1765. Trade-in credit for vehicles, boats or aircraft

When one or more motor vehicles, farm tractors, boats, aircraft or self-propelled vehicles used to harvest lumber is traded in toward the sale price of another motor vehicle, farm tractor, boat, aircraft or self-propelled vehicle used to harvest lumber, the tax imposed by chapters 211 to 225 shall be levied only upon the difference between the sale price of the purchased vehicle and the sale price of the vehicle or vehicles taken in trade, except for transactions between dealers involving exchange of the vehicles from inventory.

Sec. 5. 36 MRSA §2013 is enacted to read:

§2013. Refund of sales tax on depreciable machinery and equipment purchases

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

A. "Agricultural production" means commercial production of crops for human and animal consumption and production of livestock.

B. "Commercial fishing" means attempting to catch fish or any other marine animal with the intent of disposing of them for profit or trade in commercial channels and does not include subsistence fishing for personal use, sport fishing or charter boat fishing where the vessel is used for carrying sport fishermen to available fishing grounds.

C. "Depreciable machinery and equipment" means that part of the following machinery and equipment for which depreciation is allowable under the Internal Revenue Code:

(1) New or used machinery and equipment for use by the purchaser directly and primarily in commercial agricultural production, including self-propelled vehicles, attachments and equipment for the production of field and orchard crops; new or used machinery and equipment used in production of milk and in animal husbandry and production of livestock, including poultry; or

(2) New or used watercraft used primarily for commercial fishing; and nets, traps, cables, tackle and related equipment necessary to the operation of a commercial fishing venture.

2. Credit authorized. Any person, association of persons, firm or corporation who purchases depreciable machinery or equipment for use in commercial agricultural production or commercial fishing shall be refunded the amount of sales tax paid by him by presenting to the State Tax Assessor evidence that the machinery or equipment complies with the definitions of subsection 1.

Evidence required by the State Tax Assessor shall include, but not be limited to, a copy or copies of that portion of the purchaser's most recent filing under the Internal Revenue Code which indicates that the purchaser is in fact engaged in commercial agricultural production or commercial fishing and that the purchased machinery or equipment is depreciable for those purposes.

In the event that any piece of machinery or equipment shall be only partially depreciable under the Internal Revenue Code, any reimbursement of the sales tax shall be prorated accordingly.

Application for refunds shall be filed with the State Tax Assessor within 15 months of the date of purchase and shall be limited to purchases made subsequent to July 1, 1978.

Sec. 6. Appropriation. The following funds shall be appropriated from the General Fund to carry out the purposes of this Act:

	<u>1978-79</u>
MAINE STATE RETIREMENT SYSTEM	
All Other	\$6,500,000
Provides funds to fund noncontributory teachers covered under the retirement system	

	<u>1978-79</u>
TREASURY, DEPARTMENT OF	
All Other	\$6,500,000
Provides funds for retirement of state bonded indebtedness	

Sec. 7. Effective date. This Act shall become effective July 1, 1978.'

Statement of Fact

This amendment provides relief from sales taxes on:

Electricity (750 kw)	\$ 4.0 million
Gas	.2 "
Water	.475 "
Agriculture	2.0 "
Commercial fishing	.32 "
Logging vehicles	.17 "

for a total of 7.165 million dollars.

This amendment also uses surplus funds to provide needed funding of the Maine State Retirement System which has covered noncontributor teachers (\$6.50 million) and to provide needed funding for retirement of state bonded indebtedness (\$6.5 million). The total amount of the surplus affected by this amendment is \$20.165 million.

Filed by Mr. Biron of Lewiston.

Reproduced and distributed under the direction of the Clerk of the House.  
3/22/78

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