

# MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1973

H. P. 1907

House of Representatives, March 4, 1980

Reported by Mrs. Post from the Joint Standing Committee on Taxation pursuant to Title 36, section 1760 and ordered printed.

EDWIN H. PERT, Clerk of the House

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

**AN ACT to Revise the Law Concerning Sales Tax Exemptions and Repeal Certain Exemptions.**

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

**Sec. 1.** 1 MRSA § 2601, as amended by PL 1979, c. 467, § 1, is repealed and the following enacted in its place:

**§ 2601. Review of statutory provisions.**

The following statutory provisions shall be reviewed according to the following schedule.

1. **Review of sales tax exemptions.** The sales tax exemptions contained in Title 36, Part 3, except the exemptions provided by Title 36, section 1760, subsections 1 and 2, shall be reviewed by January 1, 1982 and every 4 years thereafter.

2. **Review of property tax exemptions.** The property tax exemptions contained in Title 36, Part 2, shall be reviewed by January 1, 1984 and every 4 years thereafter.

**Sec. 2.** 1 MRSA § 2602, first sentence, as enacted by PL 1977, c. 696, § 15, is amended to read:

Any legislative committee having jurisdiction over a statutory provision listed in section 2601 shall prepare and submit to the Legislature, within 30 legislative

days after the convening of the ~~first~~ **2nd** regular session after the date set out in section 2601 for review of that provision, a report evaluating the advisability of retaining the statutory provision.

**Sec. 3. 1 MRSA § 2603, sub-§ 1**, as enacted by PL 1977, c. 696, § 15 is repealed and the following enacted in its place:

- 1. Report. A report prepared pursuant to section 2602 shall include:**
  - A. An evaluation of the past effectiveness of the statutory provision;**
  - B. An evaluation of the future need for the statutory provision;**
  - C. An examination of alternative methods of attaining the purpose of the provision;**
  - D. An estimate of the cost of retaining the provision;**
  - E. An evaluation of the economic impact of the exemption on the State or community;**
  - F. A determination of which groups or individuals are assisted by the exemption and their approximate number; and**
  - G. A recommendation of the committee as to the amendment, repeal, replacement or retention of the provision. If amendment or repeal is recommended, the report shall include the necessary legislation.**

**Sec. 4. 36 MRSA § 660**, as amended by PL 1977 c, 696, § 266, is repealed and the following enacted in its place:

**§ 660. Legislative review of exemptions**

**The legislative committee having jurisdiction over the review of property tax exemptions provided in Title 1, chapter 31, shall be the joint standing committee of the Legislature having jurisdiction over the subject of taxation.**

**Sec. 5. 36 MRSA § 1760, sub-§ 15** is repealed.

**Sec. 6. 36 MRSA § 1760, sub-§ 25**, as amended by PL 1969, c. 590, § 68, is further amended to read:

**25. Boats sold to nonresidents.** Sales in this State to nonresidents of yachts and other pleasure boats and commercial vessels and boats actually registered for numbering, enrolled or documented under federal or foreign law in the appropriate customhouses or registry offices for location thereof or home ports therefor outside the State, when such craft are either delivered outside the State or delivered in the State to be sailed or transported outside the State immediately upon delivery by the seller; and any sales to nonresidents, under contracts for the construction of any such craft to be so delivered, of materials to be incorporated therein ~~and any sales to nonresidents for the repair, alteration, refitting, reconstruction, overhaul or restoration of any such craft to be so delivered, of materials to be incorporated therein~~ **If a craft so registered is registered for a**

**location or home port in the State, within 6 months of the date of purchase, the persons seeking registration shall be liable for the use tax on the basis of the original purchase price.**

**Sec. 7. 36 MRSA § 1760, sub-§ 27** is amended by adding at the end a new sentence to read:

**If any such craft are registered for use in Maine within 6 months of the date of purchase, the person seeking registration shall be liable for use tax on the basis of the original purchase price.**

**Sec. 8. 36 MRSA § 1760-A**, as amended by PL 1977, c. 696, 274, is repealed and the following enacted in its place:

**§ 1760-A. Legislative review of sales tax exemptions**

**The legislative committee having jurisdiction over the review of sales tax exemptions provided in Title 1, chapter 31, shall be the joint standing committee of the Legislature having jurisdiction over the subject of taxation.**

STATEMENT OF FACT

This bill is submitted as the result of the statutory review of certain sales tax exemptions by the Joint Standing Committee on Taxation. It revises the statutory requirements for the review of sales and property tax exemptions to allow one Legislature to review all sales tax exemptions during the legislative biennium for that Legislature and the subsequent Legislature to review all property tax exemptions during the subsequent legislative biennium. Currently 1/2 of all the property tax exemptions and 1/2 of the sales tax exemptions are reviewed by each Legislature.

This bill also repeals the sales tax exemptions on unincorporated hospitals, since there are none, and the sales tax exemptions on the sale to nonresidents for the repair of boats:

This bill requires that nonresidents who received an exemption for the purchase of a boat or airplane or the purchase of materials for constructing a boat, must pay the sales tax if that boat or airplane is registered in Maine within 6 months of the purchase. This 6-month provision is currently a part of the law for sales of automobiles to nonresidents.