

# MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

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ONE HUNDRED AND NINTH LEGISLATURE

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**Legislative Document**

**No. 1974**

H. P. 1908

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

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

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

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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**Sec. 1. 1 MRSA § 2601**, as amended by PL 1979, c. 467, § 1, is repealed and the following enacted in its place: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 2701 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**Sec. 3.** 1 MRSA § 2603, sub-§ 1, as enacted by PL 1977, c. 696, § 15, is repealed and the following enacted in its place: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 last 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 last amended by PL 1969, c. 590, § 68, is further amended by adding at the end the following:

**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 person 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, one-half of all the property tax exemptions and one-half 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.

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.