

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 139

H. P. 80

House of Representatives, January 6, 1981

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Dexter of Kingfield.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Provide for a Refund of the Sales Tax on Logging Equipment.

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

Sec. 1. 36 MRSA § 2013, sub-§ 1, ¶ B-1 is enacted to read:

B-1. "Commercial forest products harvesting" means the cutting, removal and transportation of trees and raw parts of trees from the point of cutting or removal to a landing or other concentration point with the intent of disposing of them for profit or trade in commercial channels.

Sec. 2. 36 MRSA § 2013, sub-§ 1, ¶ C, sub-¶ (3) is enacted to read:

(3) New or used machinery or equipment for use by the purchaser directly and primarily in commercial forest products harvesting, including vehicles self-propelled and otherwise, attachments and equipment.

Sec. 3. 36 MRSA § 2013, sub-§ 2, as enacted by PL 1977, c. 686, § 5, is repealed and the following enacted in its place:

2. Credit authorized. Any person, association of persons, firm or corporation who purchases depreciable machinery or equipment for use in commercial agricultural production, commercial fishing or commercial forest products harvesting 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 United States Internal Revenue Code which indicates that the purchaser is in fact engaged in commercial agricultural production, commercial fishing or commercial forest products harvesting 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 United States Internal Revenue Code, any reimbursement of the sales tax 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. Applications for refunds of the sales tax paid on purchases of depreciable machinery or equipment for use in commercial forest products harvesting shall be limited to purchases made subsequent to July 1, 1982.

STATEMENT OF FACT

This bill will authorize the State Tax Assessor to refund to purchasers the sales tax on purchases of depreciable equipment and machinery used in commercial forest products harvesting, provided those purchases are made after July 1, 1982.

Present statute permits refunds for depreciable equipment and machinery used in commercial agriculture and commercial fishing, both of which are important industries in this State. Of course, the harvesting of lumber is also one of the most important industries in this State, and probably the most important harvesting industry. Small businessmen engaged in forest products harvesting have suffered steadily escalating costs in doing business, and many of them have recently been driven out of business because of these costs.

There is therefore an urgent need for the State to evenhandedly apply the same policy it applies to farmers and fishermen to its important logging industry. This evenhandedness is not vital to the logging industry and to the state's economy, and should be put into law as soon as possible.