

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 274

H. P. 239

House of Representatives, January 15, 1981

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

EDWIN H. PERT, Clerk

Presented by Mr. Callahan of Mechanic Falls.

STATE OF MAINE

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

AN ACT Relating to Trade-in Credit for Special Mobile Equipment in the Sales and Use Tax Law.

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

Sec. 1. 36 MRSA § 1752, sub-§ 14-B is enacted to read:

14-B. **Special mobile equipment.** "Special mobile equipment" means every self-propelled vehicle not designed or used primarily for the transportation of persons or property and incidentally operated or moved over the highways, including road construction or maintenance machinery, ditch digging apparatus, stone crushers, air compressors, power shovels, cranes, graders, rollers, well drillers and wood-sawing equipment used for hire. This enumeration shall be deemed partial and shall not operate to exclude other such vehicles which are within the general terms of this section.

Sec. 2. 36 MRSA § 1765, as amended by PL 1979, c. 541, Pt. A, § 222, is further amended to read:

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

When one or more motor vehicles, **special mobile equipment**, farm tractors, boats, aircraft or self-propelled vehicles used to harvest lumber are traded in toward the sale price of another motor vehicle, **special mobile equipment**, 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.

STATEMENT OF FACT

The existing sales and use tax laws relating to trade-in credits discriminates against purchasers of special mobile equipment, as defined in the motor vehicle laws. This bill would provide trade-in credit on the purchase of such equipment. It should be noted that, since most of this type of equipment is used in the construction of publicly funded projects, the taxpayer is the ultimate consumer and as such, pays for the additional sales tax imposed by existing law. Any loss of sales tax income would be balanced by lesser charges against the consumer. This bill would provide for more consistent application in the sales and use tax law.