

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 813

S. P. 287

In Senate, February 12, 1981

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

MAY M. ROSS, Secretary of the Senate

Presented by Senator Clark of Cumberland.

STATE OF MAINE

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

**AN ACT Concerning the Use Tax on Used, Damaged or Returned Merchandise
Donated to Charitable Organizations.**

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

36 MRSA § 1863 is enacted to read:

§ 1863. No tax on returned merchandise donated to charity

No use tax may be imposed on the donation of merchandise by a retailer to an organization exempt from taxation under the United States Internal Revenue Code, Section 501(c) (3), as amended, when the merchandise has been returned to the retailer by the purchaser and the retailer then gives to the purchaser an allowance in cash or by credit pursuant to warranty or when the full price of the merchandise returned is refunded, either in cash or by credit, to the purchaser.

STATEMENT OF FACT

The purpose of this bill is to provide that donations to organizations exempt from income taxation under the United States Internal Revenue Code, Section 501(c) (3) of returned merchandise pursuant to warranty or for which full refund has been made will not be subject to the State use tax.