

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1177

H. P. 989

House of Representatives, March 9, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Post of Owl's Head.

STATE OF MAINE

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

AN ACT to Authorize the Refunding or Crediting of Fuel Taxes Paid on Worthless Accounts.

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

Sec. 1. 36 MRSA § 2906-A is enacted to read:

§ 2906-A. Refund of tax paid on worthless accounts

The retail dealer shall be entitled to a refund from the Treasurer of State for a portion of the tax paid to a distributor or importer, which tax shall be reported and paid to the State Tax Assessor by the distributor or importer pursuant to section 2906. The portion of the tax for which there is a refund entitlement is represented by tax paid on accounts of the retailer found to be worthless and actually charged off by the retailer, but if any such accounts are thereafter collected by the retailer, the tax recovered shall be paid within 30 days of recovery directly by the retailer to the State Tax Assessor.

The procedure for that refund shall be as follows.

1. **Computation.** The refund shall be in the amount of the tax paid on accounts of the retailer found to be worthless and actually charged off by the retailer.

2. **Applications.** All applications for refunds shall be made by the retailer under penalties of perjury annually on or before April 1st for all accounts found to be worthless and charged off during the previous calendar year.

3. Form. That application shall be in such form as the State Tax Assessor shall prescribe.

4. Payment. Subsections 1 to 3 having been complied with, the State Tax Assessor shall calculate the amount of the refund due on an application and shall certify the amount and the name of the person entitled to the refund to the Treasurer of State. The Treasurer of State shall thereafter make the certified refund from funds paid to the Treasurer of State pursuant to section 2906.

Sec. 2. 36 MRSA § 3036-A is enacted to read:

§ 3036-A. Credit for tax paid on worthless accounts

The tax paid on sales made on credit and reported by a use fuel dealer pursuant to section 3035 found to be worthless and actually charged off may be credited upon the tax due on a subsequent report, but if any such accounts are thereafter collected by the use fuel dealer, a tax shall be paid upon the amounts so collected. The credit shall be considered as being required to be reported on the return for the month in which the charge-off occurred.

STATEMENT OF FACT

This bill authorizes a refund of the taxes which a retail dealer has paid for gasoline but for which he was never paid. It also authorizes a credit for the taxes which a use fuel dealer has paid, but which he was never paid for. In each instance the amount must actually be charged off as worthless by the dealer before the refund or credit is permitted. Subsequent collection of all or part of that amount will require repayment of the tax.