

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1467

H. P. 1242

House of Representatives, March 24, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Damren of Belgrade.

STATE OF MAINE

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

AN ACT to Provide for a Local Excise Tax on Watercraft.

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

Sec. 1. 30 MRSA § 5801, as enacted by PL 1977, c. 698, § 4, is amended to read:

§ 5801. Appropriation of excise taxes

All excise taxes credited to the county treasurer pursuant to Title 36, section 1489 and 1492, may be appropriated by the county commissioners for use in the unorganized places where the tax was payable for the same services and purposes as in municipalities.

Sec. 2. 36 MRSA § 655, sub-§ 1, ¶ Q is enacted to read:

Q. Watercraft, which means any type of vessel, boat or craft used or capable of being used as a means of transportation on water, other than a seaplane, which is less than 65 feet in length and includes the motor attached to it and used to propel it.

Sec. 3. 36 MRSA § 1492 is enacted to read:

§ 1492. Municipal excise taxes on watercraft

1. Definitions. As used in this chapter unless the context otherwise indicates, the following terms have the following meanings.

A. "Length" shall be stated in feet and inches and defined as the straight line measurement over the deck, excluding sheer, from the foremost part of the watercraft to the aftermost part, measured parallel to the center line, excluding outboard motors, brackets, bowsprits, boomkins, rudders and similar attachments.

B. "Lifeboats" or "life rafts" is defined as watercraft customarily carried or required to be carried by a larger vessel for purposes of rescuing the occupants of the vessel in case of danger.

C. "Watercraft" is defined as any type of vessel, boat or craft used or being used as a means of transportation on water, other than a seaplane and less than 65 feet in length and includes the motor attached to it and used to propel it.

D. "Year" refers to the fiscal year beginning April 1st.

2. Excise tax. An excise tax shall be levied annually on April 1st on all watercraft, except those exempt by section 4.

3. Computation. The excise tax on all watercraft subject to that tax under this section shall be computed annually as follows.

- A. For any watercraft less than 12 feet in length \$ 5
- B. For any watercraft 12 feet or more, but less than 16 feet in length \$15
- C. For any watercraft 16 feet or more, but less than 20 feet in length..... \$25
- D. For any watercraft 20 feet or more, but less than 26 feet in length \$35
- E. For any watercraft 26 feet or more, but less than 30 feet in length \$45
- F. For any watercraft 30 feet or more, but less than 36 feet in length \$55
- G. For any watercraft 36 feet or more, but less than 40 feet in length \$65
- H. For any watercraft 40 feet or more, but less than 50 feet in length \$75
- I. For any watercraft 50 feet or more, but less than 65 feet in length\$100

4. Exemptions. The following are exempt from excise tax:

- A. Watercraft owned by the United States, this State and political subdivisions thereof;
- B. Lifeboats or life rafts when carried on a larger vessel for rescue purposes;
- C. Watercraft held by registered retailers as demonstrators or stock-in-trade;
- D. Watercraft owned and used solely for their own purposes by benevolent and charitable institutions incorporated by this State and entitled to property tax exemption in accordance with section 652, subsection 1; and
- E. Watercraft owned and used solely for their own purposes by literary and scientific institutions and entitled to property tax exemption in accordance with section 652, subsection 1.

5. **Where paid.** The excise tax shall be paid in the case of a Maine resident in the place where he resides, or in the case of a Maine resident of an unorganized area to the Bureau of Taxation or in the case of a nonresident registering or documenting watercraft in Maine in the place where the watercraft is located on April 1st.

6. **Exemption from further taxation.** Watercraft owners who have paid the excise tax on their watercraft as provided for in this section are exempt from further or other municipal taxation for that year on the watercraft.

7. **Enforcement.** The tax collector, within 3 years after the due date of an excise tax unpaid under this section, may bring an action in a District Court within the district where the excise tax was levied to recover the excise tax due and unpaid, providing that demand for payment has been sent to the taxpayer at his last known address within 60 days of the tax due date and payment was not made within 30 days from the sending of the demand.

8. **Collection of tax.** Taxes shall be collected as follows.

A. In the case of municipalities, the municipal tax collector shall collect this excise tax and shall deposit the money received with the municipal treasurer.

B. In unorganized places, the county commissioners shall appoint agents to collect the excise tax. These agents shall be allowed a fee of \$1 for each tax receipt issued and shall deposit the remainder promptly with the county treasurer in the county where the taxpayer resides.

9. **Crediting and disposition of tax received.** The tax generated shall be disposed of as follows.

A. In municipalities, the treasurer shall credit money received from the excise tax on watercraft to the municipal excise tax account. Any municipality exempting watercraft under section 655, subsection 1, paragraph Q shall pay to the Treasurer of State from the excise tax account an amount equal to 50% of the taxes lost by reason of such exemption. The remainder of the money may be appropriated by the municipality for any purpose for which a municipality may appropriate money.

B. Any county having watercraft in unorganized places which is exempt from personal property taxes under section 655, subsection 1, paragraph Q, shall pay to the Treasurer of State an amount equal to 50% of the tax loss resulting from that exemption. The remainder of the money shall be credited by the county treasurer as undedicated funds for the unorganized place in which the tax was payable and may be appropriated by the county commissioners pursuant to Title 30, chapter 405.

10. **Tax paid before registration.** No watercraft subject to this tax may be registered under Title 12, chapter 715 until the excise tax has been paid in accordance with this section.

11. Claim against the State. Any municipality or the unorganized territory granting exemption under section 655, subsection 1, paragraph Q shall have a valid claim against the State for 50% of the taxes lost by reason of such exemption. Annual reimbursement shall be made on or about December 15th to municipalities which have presented proof of the facts in a form satisfactory to the State Tax Assessor on or before the prior November 1st. In regard to the unorganized territory, the reimbursement shall be made to the Unorganized Territory Education and Services Fund. All payments shall be made from the General Fund.

Sec. 4. Inseverability. Notwithstanding any other provision of law, if that part of section 3, designated Title 36, section 1492, subsection 9 is invalid, then all parts of this Act are invalid.

Sec. 5. Effective date. The effective date of this Act is April 1, 1982.

STATEMENT OF FACT

The personal property tax on boats is not uniformly applied and there is a wide disparity between towns in watercraft assessment. The problems of watercraft assessment result from the absence of uniform guidelines to value watercraft. Also, with 120,000 boats registered in Maine, it is impossible in most towns for assessors to view and value each boat. Total revenue to municipalities from watercraft taxation is about \$1,000,000, statewide. The revenue collected as a percentage of each town's total collections for municipal purposes is generally quite low, 1% or less. In some coastal communities, however, the taxes collected are a large share of local revenues.

The taxation of watercraft is detrimental to the boatyard business and the boating industry because of the absence of uniformity among the towns as well as putting them in a disadvantageous position in relation to other coastal New England states.

In addition to variations in assessments from town to town, mill rates vary, compounding the inequity. The tax on a boat valued at \$1,000 assuming full valuation, can vary from \$8.60 to \$596.

This bill repeals the personal property tax on boats and replaces it with a municipal excise tax that is fair, uniform and easy to administer.

Municipalities and unorganized places shall have a claim against the State for 50% of the property tax revenues lost because of the repeal of the personal property tax on boats. This complies with the constitutional provision requiring such reimbursement. That reimbursement shall be funded by moneys received from the excise tax.