

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 249

6
7 H.P. 205

House of Representatives, January 21, 1983

8 Received by the Clerk of the House on January 21, 1983. Referred to the
9 Committee on Taxation, and ordered printed pursuant to Joint Rule 14.

10 EDWIN H. PERT, Clerk

Presented by Representative Armstrong of Wilton.

Cosponsors: Representative Sherburne of Dexter and Representative
11 McCollister of Canton.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT to Provide Sales Tax Equity for
18 Lessees of Depreciable Machinery and
19 Equipment.
20

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

23 Sec. 1. 36 MRSA §2013, sub-§1, ¶C, as enacted by
24 PL 1977, c. 686, §5, is amended to read:

25 C. "Depreciable machinery and equipment" means
26 that part of the following machinery and equip-
27 ment for which depreciation is allowable under
28 the Internal Revenue Code:

29 (1) New or used machinery and equipment for
30 use by the purchaser or lessee directly and
31 primarily in commercial agricultural produc-
32 tion, including self-propelled vehicles,
33 attachments and equipment for the production

1 of field and orchard crops; new or used
2 machinery and equipment used in production
3 of milk and in animal husbandry and produc-
4 tion of livestock, including poultry; or

5 (2) New or used watercraft used primarily
6 for commercial fishing; and nets, traps,
7 cables, tackle and related equipment neces-
8 sary to the operation of a commercial fish-
9 ing venture.

10 Sec. 2. 36 MRSA §2013, sub-§2, as amended by PL
11 1981, c. 364, §28, is further amended to read:

12 2. Credit authorized. Any person, association of
13 persons, firm or corporation who purchases or leases
14 depreciable machinery or equipment for use in commer-
15 cial agricultural production or commercial fishing
16 shall be refunded the amount of sales tax paid by him
17 by presenting to the State Tax Assessor evidence that
18 the machinery or equipment complies with the defini-
19 tions of subsection 1.

20 Evidence required by the State Tax Assessor shall
21 include, but not be limited to, a copy or copies of
22 that portion of the purchaser's most recent filing
23 under the Internal Revenue Code which indicates that
24 the purchaser is in fact engaged in commercial agri-
25 cultural production or commercial fishing and that
26 the purchased machinery or equipment is depreciable
27 for those purposes or would be depreciable for those
28 purposes if owned by the lessee.

29 In the event that any piece of machinery or equipment
30 shall be only partially depreciable under the
31 Internal Revenue Code, any reimbursement of the sales
32 tax shall be prorated accordingly.

33 Application for refunds shall be filed with the State
34 Tax Assessor within 36 months of the date of purchase
35 or execution of the lease and shall be limited to
36 purchases made subsequent to July 1, 1978 or leases
37 executed subsequent to July 1, 1983.

38 Sec. 3. 36 MRSA §2013, sub-§3, as enacted by PL
39 1979, c. 190, is amended to read:

1 3. Exemption for large purchase or lease after
2 certification. No sales tax shall may be paid on the
3 purchase or lease of a single item of machinery or
4 equipment with a sales or lease price in excess of
5 \$5,000, if the purchaser or lessee has the certifica-
6 tion of the State Tax Assessor that the sales tax if
7 paid by the purchaser or lessee would have been
8 refundable under the provisions of this section.

9

STATEMENT OF FACT

10 This bill provides equal treatment for lessees of
11 machinery or equipment used in commercial agricul-
12 tural production or commercial fishing by permitting
13 them to claim a refund of sales tax in the same man-
14 ner as persons who purchase such machinery or equip-
15 ment, if the machinery would have been depreciable if
16 purchased by the lessee. Under current practice,
17 where title to the machinery or equipment is retained
18 by the lessor, the lessor depreciates the equipment
19 but the sales tax is passed on by the lessee.

20

0295122882