

| 1<br>2         | FIRST REGULAR SESSION                                                                                                                                                                                 |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3<br>4         | ONE HUNDRED AND ELEVENTH LEGISLATURE                                                                                                                                                                  |
| 5              | Legislative Document No. 861                                                                                                                                                                          |
| 7<br>8<br>9    | H.P. 678 House of Representatives, February 23, 1983<br>On Motion of Representative Higgins of Portland referred to the<br>Committee on Taxation. Sent up for concurrence and ordered printed.        |
| 10             | EDWIN H. PERT, Clerk<br>Presented by Representative Rolde of York.<br>Cosponsors: Representative Curtis of Waldoboro, Representative Mitchell<br>of Freeport and Representative Greenlaw of Standish. |
| 12<br>13       | STATE OF MAINE                                                                                                                                                                                        |
| 14<br>15<br>16 | IN THE YEAR OF OUR LORD<br>NINETEEN HUNDRED AND EIGHTY-THREE                                                                                                                                          |
| 17<br>18<br>19 | AN ACT to Provide for a Local Excise<br>Tax on Watercraft.                                                                                                                                            |
| 20<br>21       | Be it enacted by the People of the State of Maine as follows:                                                                                                                                         |
| 22<br>23       | Sec. 1. 36 MRSA §655, sub-§1, ¶P, as enacted by PL 1977, c. 456, is amended to read:                                                                                                                  |
| 24<br>25<br>26 | <u>P.</u> All items of individually owned personal prop-<br>erty with a just value of less than \$1,000,<br>except:                                                                                   |
| 27<br>28       | (1) Items used for industrial or commercial purposes;                                                                                                                                                 |
| 29<br>30<br>31 | (2) Vehicles and camp trailers as defined in section 1481 not subject to an excise tax; and                                                                                                           |

2 tax-; and Sec. 2. 36 MRSA §655, sub-§1, ¶Q is enacted to 3 4 read: 5 Q. Watercraft, which shall mean any type of vessel, boat or craft used or capable of being 6 7 used as a means of transportation on water, other than a seaplane, required to be registered in Maine which is less than 65 feet in length and 8 9 10 includes the motor attached to it and used to 11 propel it. 12 Sec. 3. 36 MRSA §1492 is enacted to read: 13 §1492. Municipal excise taxes on watercraft 14 1. Definitions. As used in this section, unless 15 the context otherwise indicates, the following terms 16 have the following meanings. A. "Length" is stated in feet and inches and means the straight line measurement over the 17 18 19 deck, excluding sheer, from the foremost part of the watercraft to the aftermost part, measured 20 parallel to the center line, excluding outboard 21 22 motors, brackets, bowsprits, boomkins, rudders 23 and similar attachments. 24 B. "Lifeboats" or "life rafts" means watercraft customarily carried or required to be carried by 25 26 a larger vessel for purposes of rescuing the occupants of the vessel in case of danger. 27 C. "Watercraft" means any type of vessel, boat or 28 29 craft used or being used as a means of trans-30 portation on water, other than a seaplane, re-31 quired to be registered in Maine and less than 65 32 feet in length and includes the motor attached to 33 it and used to propel it. 34 D. "Year" means the fiscal year beginning April 35 lst.

(3) All watercraft not subject to an excise

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

| 1        | 3. Computation. The excise tax on all watercraft                                                       |
|----------|--------------------------------------------------------------------------------------------------------|
| 2        | subject to that tax under this section shall be com-                                                   |
| 3        | puted annually as follows:                                                                             |
|          |                                                                                                        |
| 4        | A. For any watercraft less than 12 feet                                                                |
| 5        | in length \$ 5                                                                                         |
| 6        | B. For any watercraft 12 feet or more,                                                                 |
| 7        | but less than 16 feet in length 15                                                                     |
| '        |                                                                                                        |
| 8        | C. For any watercraft 16 feet or more,                                                                 |
| 9        | but less than 20 feet in length 25                                                                     |
|          |                                                                                                        |
| 10       | D. For any watercraft 20 feet or more,                                                                 |
| 11       | but less than 26 feet in length 35                                                                     |
| 12       | E For one estances of foot on more                                                                     |
| 13       | E. For any watercraft 26 feet or more,                                                                 |
| 13       | but less than 30 feet in length 45                                                                     |
| 14       | F. For any watercraft 30 feet or more,                                                                 |
| 15       | but less than 36 feet in length 55                                                                     |
|          | <u></u>                                                                                                |
| 16       | G. For any watercraft 36 feet or more,                                                                 |
| 17       | but less than 40 feet in length 65                                                                     |
|          |                                                                                                        |
| 18       | H. For any watercraft 40 feet or more,                                                                 |
| 19       | but less than 50 feet in length 75                                                                     |
| ~~       |                                                                                                        |
| 20       | I. For any watercraft 50 feet or more,                                                                 |
| 21       | but less than 65 feet in length 100                                                                    |
| 22       | 4. Exemptions. The following shall be exempt from                                                      |
| 23       | excise tax:                                                                                            |
|          |                                                                                                        |
| 24       | A. Lifeboats or life rafts; and                                                                        |
|          |                                                                                                        |
| 25       | B. Watercraft held by registered retailers as                                                          |
| 26       | demonstrators or stock-in-trade.                                                                       |
| 27       | E Whome maid The envire terr shall be usid in                                                          |
| 27<br>28 | 5. Where paid. The excise tax shall be paid, in<br>the case of a Maine resident, in the place where he |
| 29       |                                                                                                        |
| 30       | resides; in the case of a Maine resident of an<br>unorganized area, to the Bureau of Taxation; or, in  |
| 31       | the case of a nonresident registering or documenting                                                   |
| 32       | watercraft in Maine, in the place where the water-                                                     |
| 33       | craft is located on April 1st.                                                                         |
|          | orare in resulta on april 100.                                                                         |

| 1  | 6. Exemption from further taxation. Watercraft        |
|----|-------------------------------------------------------|
| 2  | owners who have paid the excise tax on their water-   |
| 3  | craft as provided for in this section shall be exempt |
| 4  | from further or other municipal taxation for that     |
| 5  | year on the watercraft.                               |
|    |                                                       |
| 6  | 7. Collection. The excise tax shall be collected      |
| 7  | by the tax collector.                                 |
|    |                                                       |
| 8  | 8. Enforcement. The tax collector, within 3 years     |
| 9  | after the due date of an excise tax unpaid under this |
| 10 | section, may bring an action in a District Court      |
| 11 | within the district where the excise tax was levied   |
| 12 | to recover the excise tax due and unpaid, providing   |
| 13 | that demand for payment has been sent to the taxpayer |
| 14 | at his last known address within 60 days of the tax   |
| 15 | due date and payment was not made within 30 days from |
| 16 | the sending of the demand.                            |
|    |                                                       |
| 17 | 9. Disposition of tax. All excise tax fees col-       |
| 18 | lected shall be retained by the municipality.         |
|    |                                                       |
| 19 | 10. Tax prerequisite for registration. Payment of     |
| 20 | the excise tax shall be a prerequisite for registra-  |
| 21 | tion of a watercraft.                                 |

## STATEMENT OF FACT

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23 The personal property tax on boats is not uni-24 formly applied and there is a wide disparity between towns in watercraft assessment. The problems of watercraft assessment result from the absence of uni-25 of 26 27 form guidelines to value watercraft. Also, with 28 120,000 boats registered in Maine, it is impossible for assessors to view and value each 29 most towns in 30 boat. Total revenue to municipalities from watercraft taxation is about \$1,000,000, statewide. 31 The revenue collected as a percentage of each town's 32 total col-33 lections for municipal purposes is generally quite 34 low, 1% or less. In some coastal communities, the 35 taxes collected are a large share of local revenues. 36 No state General Fund revenues will be lost.

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 rela-1 2 tion to other coastal New England states. 3 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, assum-4 5 6 ing full valuation, can vary from \$8.60 to \$596. 7 This bill repeals the personal property tax on 8 boats and replaces it with a municipal excise tax that is fair, uniform and easy to administer. 9

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