

MAINE STATE LEGISLATURE

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1 (EMERGENCY)

2 SECOND REGULAR SESSION
3

4 ONE HUNDRED AND ELEVENTH LEGISLATURE
5

6 Legislative Document

No. 2005

7
8 H.P. 1523

House of Representatives, January 26, 1984

9 Approved for introduction by the Legislative Council pursuant to Joint
10 Rule 26.

Reference to the Committee on Taxation is suggested and ordered printed.

11 EDWIN H. PERT, Clerk

Presented by Representative Scarpino of St. George.

12
13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-FOUR
17

18 AN ACT to Create a Watercraft User Fee.
19

20 **Emergency preamble.** Whereas, Acts of the Legis-
21 lature do not become effective until 90 days after
22 adjournment unless enacted as emergencies; and

23 Whereas, the watercraft excise tax scheduled to
24 become effective on March 1, 1984, envisioned the
25 passage of an amendment to the Constitution of Maine;
26 and

27 Whereas, that proposed amendment was not approved
28 by the people; and

29 Whereas, changes in the watercraft excise tax law
30 are necessary to ensure the equitable taxation of wa-
31 tercraft; and

32 Whereas, these changes must be made before March
33 1, 1984; and

1 Whereas, in the judgment of the Legislature,
2 these facts create an emergency within the meaning of
3 the Constitution of Maine and require the following
4 legislation as immediately necessary for the preser-
5 vation of the public peace, health and safety; now,
6 therefore,

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

9 . Sec. 1. 12 MRSA §7794, sub-§1, as amended by PL
10 1983, c. 572, §1, is further amended to read:

11 1. Motorboats requiring. The owner of every mo-
12 torboat, including airmobiles, used on the waters of
13 the State as the state of principal use shall obtain
14 a certificate of number for the motorboat from the
15 commissioner. ~~Beginning March 1, 1985, no certifi-~~
16 ~~cate of number may be issued unless the owner submits~~
17 ~~proof that the watercraft excise tax, assessed under~~
18 ~~Title 36, chapter 112, has been paid.~~ The following
19 motorboats are exempt from this section:

20 A. A watercraft which has or is required to have
21 a valid marine document as a watercraft of the
22 United States;

23 B. A motorboat already covered by a current cer-
24 tificate of number issued under a federally ap-
25 proved numbering system of another state or a
26 federal law, provided that the number so issued
27 is displayed on the motorboat and provided that
28 the motorboat has not been within this State for
29 a period in excess of 60 consecutive days after
30 the state of principal use has been changed;

31 C. Military or public watercraft, except recrea-
32 tional type watercraft of the United States;

33 D. A motorboat whose owner is the United States,
34 a state or subdivision thereof which is used for
35 governmental purposes and which is clearly iden-
36 tifiable as such;

37 E. A ship's lifeboat;

1 F. Motorboats from a country other than the
2 United States, provided the motorboat has not
3 been within this State for a period in excess of
4 60 consecutive days; and

5 G. Motorboats used exclusively for racing pur-
6 poses which display on their hulls in a prominent
7 manner a valid boat number issued by a recognized
8 racing association.

9 Sec. 2. 12 MRSA §7794, sub-§3, ¶C, as enacted by
10 PL 1983, c. 572, §2, is repealed.

11 Sec. 3. 12 MRSA §7794, sub-§4, ¶A, as amended by
12 PL 1983, c. 92, Pt. B, §2, is further amended to
13 read:

14 A. All watercraft requiring or requesting cer-
15 tificate of number § 6 § 9

16 Sec. 4. 12 MRSA §7794, sub-§9, as amended by PL
17 1983, c. 572, §3, is further amended to read:

18 9. Expiration. Every certificate of number
19 awarded under this subchapter continues in force un-
20 til December 31st of the 2nd complete calendar year
21 after the year of issuance.

22 Sec. 5. 12 MRSA §7801, sub-§28, as enacted by PL
23 1983, c. 572, §4, is repealed.

24 Sec. 6. 12 MRSA §7901, sub-§5, as enacted by PL
25 1983, c. 572, §5, is repealed.

26 Sec. 7. 36 MRSA §655, sub-§1, ¶P, as repealed by
27 PL 1983, c. 92, Pt. B, §7, is reenacted to read:

28 P. All items of individually owned personal
29 property with a just value of less than \$1,000,
30 except:

31 (1) Items used for industrial or commercial
32 purposes;

33 (2) Vehicles and camp trailers as defined
34 in section 1481 not subject to an excise
35 tax; and

1 (3) All watercraft not subject to an excise
2 tax.

3 Sec. 8. 36 MRSA §655, sub-§1, ¶Q, as enacted by
4 PL 1983, c. 92, Pt. A, §1, is repealed.

5 Sec. 9. 36 MRSA §655, sub-§1, ¶R, as enacted by
6 PL 1983, c. 92, Pt. B, §8, is amended to read:

7 R. All watercraft used primarily for a commer-
8 cial purpose, including motors, electronic and
9 mechanical equipment and other machinery, whether
10 or not the motors, electronic and mechanical
11 equipment and other machinery are permanently or
12 temporarily attached, and customarily used in the
13 operation of the watercraft. "Watercraft" does
14 not include a vessel, boat or craft located and
15 intended to be permanently docked in one location
16 and not used as a means of transportation on wa-
17 ter.

18 Sec. 10. 36 MRSA c. 109-A, as enacted by PL
19 1983, c. 92, Pt. A, §2, is repealed.

20 Sec. 11. 36 MRSA c. 112, as enacted by PL 1983,
21 c. 92, Pt. B, §9 and as amended by PL 1983, c. 572,
22 §§6 - 11, is repealed.

23 Sec. 12. 36 MRSA c. 112-A is enacted to read:

24 CHAPTER 112-A

25 COMMERCIAL WATERCRAFT EXCISE TAX

26 §1521. Excise tax

27 An excise tax is assessed against all commercial
28 watercraft for the privilege of using the waters of
29 the State for commercial purposes.

30 §1522. Definitions

31 As used in this chapter, unless the context indi-
32 cates otherwise, the following terms have the follow-
33 ing meanings.

1 1. Commercial watercraft. "Commercial water-
2 craft" means a watercraft which is intended to be
3 used or which is used primarily for commercial pur-
4 poses.

5 2. Net income. "Net income" has the same meaning
6 as under Part 8.

7 3. Taxable year. "Taxable year" has the same
8 meaning as under Part 8.

9 §1523. Determination of the tax

10 The tax shall be determined as follows.

11 1. Report of commercial watercraft. The owner of
12 every commercial watercraft subject to a tax under
13 this chapter shall annually submit to the State Tax
14 Assessor a statement of the amount of Maine net in-
15 come attributable to each watercraft. The statement
16 shall be provided at the same time that the owner
17 files an income tax return under Part 8.

18 2. Amount. The amount of tax due on each water-
19 craft annually is 10% of the amount of Maine income
20 tax that would be due under Part 8 for that water-
21 craft for the previous taxable year using the net in-
22 come for each watercraft as reported under subsection
23 1.

24 3. Due date. The tax shall be paid to the State
25 Tax Assessor by June 1st of each year.

26 4. Lien. If any tax imposed by this chapter is
27 not paid when due, the State Tax Assessor may file in
28 the office in which a financing statement with re-
29 spect to personal property would be filed, a certifi-
30 cate of lien specifying the amount of the tax, the
31 name and last known address of the taxpayer liable
32 for the amount. From the time of filing, the amount
33 set forth in the notice constitutes a lien upon the
34 watercraft. The lien has the same force, effect and
35 priority as a judgment lien and shall continue for 5
36 years from the date of recording, unless sooner re-
37 leased or otherwise discharged. The lien may, within
38 the 5-year period or within 5 years from the date of
39 the last extension of the lien in the manner provided

1 in this section, be extended by filing for record in
2 the appropriate office a copy of the notice and from
3 the time of filing, the lien shall be extended for 5
4 years, unless sooner released or otherwise dis-
5 charged.

6 5. Enforcement. The provisions of chapters 7 and
7 835 shall apply with like effect to collecting the
8 tax and enforcing this chapter.

9 6. Abatement. Assessment by the State Tax Asses-
10 sor of the excise tax imposed by this chapter is a
11 determination of the State Tax Assessor for purposes
12 of section 151. Proceedings for abatement shall be
13 governed by section 151 and by other applicable pro-
14 visions of this Title.

15 §1524. Display of decal; penalty

16 Each watercraft, required to pay the excise tax
17 established by this chapter, shall display a current
18 excise tax decal as directed by the State Tax Asses-
19 sor. A current excise tax decal shall be issued upon
20 the payment of all excise tax due under this chapter.
21 Failure to display an excise tax decal is a civil vi-
22 olation subject to a fine equal to 3 times the amount
23 of the tax that would be due for the watercraft.

24 §1525. Reimbursement to municipalities

25 Reimbursement to municipalities, as required by
26 the Constitution of Maine, Article IV, Part Third,
27 Section 23, shall be made according to procedures
28 specified in section 661.

29 Emergency clause. In view of the emergency
30 cited in the preamble, this Act shall take effect
31 March 1, 1984.

1

STATEMENT OF FACT

2 This bill repeals the watercraft excise tax en-
3 acted by the Legislature last year and replaces it
4 with a fairer excise tax on watercraft used for com-
5 mercial purposes. The amount of the tax is 10% of the
6 state income tax paid with regard to the vessel. The
7 tax would be paid annually to the State Tax Assessor
8 and the State would reimburse municipalities for 50%
9 of the property tax revenue loss resulting from the
10 property tax exemption for commercial watercraft. Wa-
11 tercraft which are not used for commercial purposes
12 will continue to remain subject to the property tax.

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