

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 TWELFTH LEGISLATURE
4

5 Legislative Document

No. 508

6
7 S.P. 190

In Senate, February 8, 1985

8 Referred to the Committee on Taxation. Sent down for concurrence and
9 ordered printed. Ordered sent forthwith.

10 JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Emerson of Penobscot.

11 Cosponsored by Representative Sherburne of Dexter and Representative
Crouse of Caribou.

12 STATE OF MAINE
13

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

17 AN ACT to Exempt Leased Farm Equipment from
18 Use Tax.
19

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

22 Sec. 1. 36 MRSA §2013, sub-§1, ¶C, as amended by
23 PL 1981, c. 680, is further amended to read:

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

28 (1) New or used machinery and equipment for
29 use by the purchaser directly and primarily
30 in commercial agricultural production, in-
31 cluding self-propelled vehicles, attachments
32 and equipment for the production of field
33 and orchard crops; new or used machinery and
34 equipment used in production of milk and in
35 animal husbandry and production of live-

1 stock, including poultry; or

2 (2) New or used watercraft used primarily
3 for commercial fishing; and nets, traps, ca-
4 bles, tackle and related equipment necessary
5 to the operation of a commercial fishing
6 venture.

7 **Sec. 2. 36 MRSA §2013, sub-§2, as amended by PL**
8 **1983, c. 571, §3, is further amended to read:**

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

17 Evidence required by the State Tax Assessor may in-
18 clude a copy or copies of that portion of the
19 purchaser's most recent filing under the United
20 States Internal Revenue Code which indicates that the
21 purchaser is engaged in commercial agricultural pro-
22 duction or commercial fishing and that the purchased
23 machinery or equipment is depreciable for those pur-
24 poses or would be depreciable for those purposes if
25 owned by the lessee.

26 In the event that any piece of machinery or equipment
27 shall be only partially depreciable under the United
28 States Internal Revenue Code, any reimbursement of
29 the sales tax shall be prorated accordingly.

30 Application for refunds shall be filed with the State
31 Tax Assessor within 36 months of the date of purchase
32 or execution of the lease.

33 **Sec. 3. Effective date.** Sections 1 and 2 of
34 this Act shall become effective for leases executed
35 on or after October 1, 1985.

1

STATEMENT OF FACT

2 This bill provides equal treatment for lessees of
3 machinery or equipment used in commercial agricultur-
4 al production or commercial fishing by permitting
5 them to claim a refund of sales tax in the same man-
6 ner as persons who purchase the machinery or equip-
7 ment, if the machinery would have been depreciable if
8 purchased by the lessee. Under current practice,
9 where title to the machinery or equipment is retained
10 by the lessor, the lessor depreciates the equipment
11 but the sales tax is passed on the lessee.

12 This bill becomes effective for leases executed
13 on or after October 1, 1985, and would result in rev-
14 enue losses as follows:

15 For the General Fund in fiscal year 1985-86,
16 (\$31,317) and in fiscal year 1986-87, (\$51,673). For
17 the Local Government Fund in fiscal year 1985-86,
18 (\$1,683) and in fiscal year 1986-87, (\$2,777).

19

0736011585