

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 1195

7 H.P. 846

House of Representatives, April 1, 1985

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

10 EDWIN H. PERT, Clerk

Presented by Representative Michael of Auburn.

11
12 STATE OF MAINE
13

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

17 AN ACT Establishing a Farm Equipment Tax
18 Exemption Number.
19

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

22 Sec. 1. 36 MRSA §2013, as amended by PL 1983, c.
23 571, §3, is further amended to read:

24 §2013. Refund of sales tax on depreciable machinery
25 and equipment purchases

26 1. Definitions. As used in this section, unless
27 the context otherwise indicates, the following words
28 shall have the following meanings.

29 A. "Agricultural production" means commercial
30 production of crops for human and animal consump-
31 tion; the commercial production of seed to be
32 used primarily to raise crops for nourishment of
33 humans or animals and production of livestock.

1 B. "Commercial fishing" means attempting to
2 catch fish or any other marine animals with the
3 intent of disposing of them for profit or trade
4 in commercial channels and does not include sub-
5 sistence fishing for personal use, sport fishing
6 or charter boat fishing where the vessel is used
7 for carrying sport fishermen to available fishing
8 grounds.

9 C. "Depreciable machinery and equipment" means
10 that part of the following machinery and equip-
11 ment for which depreciation is allowable under
12 the United States Internal Revenue Code:

13 (1) New or used machinery and equipment for
14 use by the purchaser directly and primarily
15 in commercial agricultural production, in-
16 cluding self-propelled vehicles, attachments
17 and equipment for the production of field
18 and orchard crops; new or used machinery and
19 equipment used in production of milk and in
20 animal husbandry and production of live-
21 stock, including poultry, or

22 (2) New or used watercraft used primarily
23 for commercial fishing; and nets, traps, ca-
24 bles, tackle and related equipment necessary
25 to the operation of a commercial fishing
26 venture.

27 2. Credit authorized. Any person, association of
28 persons, firm or corporation who purchases deprecia-
29 ble machinery or equipment for use in ~~commercial ag-~~
30 ~~ricultural production~~ or commercial fishing shall be
31 refunded the amount of sales tax paid by him by pre-
32 senting to the State Tax Assessor evidence that the
33 machinery or equipment complies with the definitions
34 of subsection 1.

35 Evidence required by the State Tax Assessor may in-
36 clude a copy or copies of that portion of the
37 purchaser's most recent filing under the United
38 States Internal Revenue Code which indicates that the
39 purchaser is engaged in ~~commercial agricultural pro-~~
40 ~~duction~~ or commercial fishing and that the purchased
41 machinery or equipment is depreciable for those pur-
42 poses.

1 In the event that any piece of machinery or equipment
2 shall be only partially depreciable under the United
3 States Internal Revenue Code, any reimbursement of
4 the sales tax shall be prorated accordingly.

5 Application for refunds shall be filed with the State
6 Tax Assessor within 36 months of the date of pur-
7 chase.

8 3. Exemption for large purchase after certifica-
9 tion. No sales tax ~~shall~~ may be paid on the purchase
10 of a single item of machinery or equipment with a
11 sales price in excess of \$5,000, if the purchaser has
12 the certification of the State Tax Assessor that the
13 sales tax if paid by the purchaser would have been
14 refundable under the provisions of this section.

15 Sec. 2. 36 MRSA §2013-A is enacted to read:

16 §2013-A. Sales tax exemption for certain depreciable
17 machinery and equipment

18 1. Definitions. As used in this section, unless
19 the context otherwise indicates, the following words
20 have the following meanings.

21 A. "Agricultural production" means commercial
22 production of crops for human and animal consump-
23 tion, the commercial production of seed to be
24 used primarily to raise crops for nourishment of
25 humans or animals and production of livestock.

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

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

1 2. Exemption authorized. Any person, associa-
2 tion of persons, firm or corporation which purchases
3 depreciable machinery or equipment for use in commer-
4 cial agricultural production shall be exempt from the
5 sales tax on that machinery or equipment if the ma-
6 chinery or equipment complies with the definitions of
7 subsection 1 and the person, association of persons,
8 firm or corporation possesses a sales tax exemption
9 number issued pursuant to subsection 3.

10 3. Tax exemption number. The State Tax Assessor
11 shall issue a sales tax exemption number upon receiv-
12 ing a copy or copies of that portion of the
13 purchaser's most recent state income tax return which
14 indicates that the purchaser is engaged in commercial
15 agricultural production.

16 In the event that any piece of machinery or equipment
17 is only partially depreciable under the United States
18 Internal Revenue Code, the sales tax shall be pro-
19 rated accordingly.

20 STATEMENT OF FACT

21 Currently, new and used agricultural machinery is
22 subject to the sales tax, with the purchaser entitled
23 to a refund. This bill establishes a farm equipment
24 sales tax exemption number issued by the Bureau of
25 Taxation upon receipt of a state income tax form.
26 This eliminates the paperwork required to get the re-
27 fund.

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