

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1274

S.P. 437

In Senate, February 16, 1999

An Act to Extend the Machinery and Equipment Exemption to Sales and Leaseback Transactions.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator RUHLIN of Penobscot.
Cosponsored by Representative DAVIDSON of Brunswick and
Senator MILLS of Somerset, Representatives: CIANCHETTE of South Portland, COLWELL
of Gardiner.

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

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3 **Sec. 1. 36 MRSA §1760, sub-§31**, as amended by PL 1989, c. 501,
4 Pt. V, §§4 and 5, is repealed and the following enacted in its
5 place:

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7 31. Machinery and equipment. Sales of machinery and
8 equipment:

9 A. For use by the purchaser directly and primarily in
10 either the production of tangible personal property intended
11 to be sold or leased ultimately for final use or
12 consumption, or in the production of tangible personal
13 property pursuant to a contract with the United States
14 Government or any agency thereof. This exemption applies
15 even if the purchaser sells the machinery or equipment and
16 leases it back in a sale and leaseback transaction. This
17 exemption also applies whether the purchaser agrees before
18 or after its purchase of the machinery or equipment to enter
19 into the sale and leaseback transaction, and whether the
20 purchaser's use of the machinery or equipment in production
21 commences before or after the sale and leaseback transaction
22 occurs; and

23 B. By a person that uses the machinery or equipment as
24 described in paragraph A to a bank, leasing company or other
25 person as part of a sale and leaseback transaction, whether
26 the use of the machinery or equipment by the original
27 purchaser in production commences before or after the sale
28 and leaseback transaction occurs.

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31 **SUMMARY**

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33 This provision provides that a manufacturer does not lose
34 the benefit of the sales tax exemption for machinery and
35 equipment used in the production process by entering into a sale
36 and leaseback transaction with a bank, leasing company or other
37 financial service provider. The provision also provides that the
38 exemption also extends to the sale of the machinery or equipment
39 to the bank or leasing company.
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