

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)

M
R.S.

L.D. 2669

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44

DATE: 4/26/00

(Filing No. S-753)

Reproduced and distributed under the direction of the Secretary of the Senate.

STATE OF MAINE
SENATE
119TH LEGISLATURE
SECOND REGULAR SESSION

SENATE AMENDMENT "A" to H.P. 1923, L.D. 2669, Bill, "An Act to Implement the Tax Policy Recommendations of the Task Force Created to Review Smart Growth Patterns of Development"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 36 MRSA §2013, sub-§§2 and 3, as amended by PL 1993, c. 151, §1, are further amended to read:

2. Refund authorized. Any person, association of persons, firm or corporation ~~who~~ that purchases electricity, or that purchases or leases depreciable machinery or equipment, for use in commercial agricultural production, commercial fishing or commercial aquacultural production must be refunded the amount of sales tax paid by upon presenting to the State Tax Assessor evidence that ~~the--machinery--or--equipment--complies--with--the definitions--of--subsection--1~~ the purchase is eligible for refund under this section.

Evidence required by the ~~State-Tax-Assessor~~ assessor may include a copy or copies of that portion of the purchaser's or lessee's most recent filing under the United States Internal Revenue Code that indicates that the purchaser or lessee is engaged in commercial agricultural production, commercial fishing or commercial aquacultural production and that the purchased machinery or equipment is depreciable for those purposes or would be depreciable for those purposes if owned by the lessee.

SENATE AMENDMENT

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

6 Application for refunds must be filed with the State-Tax-Assessor
8 assessor within 36 months of the date of purchase or execution of
the lease.

10 3. Purchases made free of tax with certificate. Sales tax
12 ~~is not~~ need not be paid on the purchase of electricity or of a
single item of machinery or equipment if the purchaser has the
14 ~~certification--of~~ obtained a certificate from the State--Tax
Assessor assessor stating that the purchaser is engaged in
16 commercial agricultural production, commercial fishing or
commercial aquacultural production and ~~that~~ authorizing the
18 purchaser may to purchase electricity or depreciable machinery
and equipment without paying Maine sales tax. The seller is
20 required to obtain a copy of the certificate together with an
affidavit as prescribed by the State-Tax-Assessor assessor, to be
22 maintained in the seller's records, attesting to the
qualification of the purchase for exemption pursuant to this
24 section. In order to qualify for this exemption, the electricity
or depreciable machinery or equipment must be used directly in
26 commercial agricultural production, commercial fishing or
commercial aquacultural production.

28 Sec. 2. Appropriation. The following funds are appropriated
from the General Fund to carry out the purposes of this Act.

30
32 **2000-01**

34 **ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF**

36 **Bureau of Revenue Services**

38	Position - Legislative Count	(1,000)
	Personal Services	\$26,735
40	All Other	6,725

42 Provides funds for one Tax Examiner position
44 with a start date of September 1, 2000 and
related costs to desk audit partnership and
46 s-corporation returns to verify that all
related partners and shareholders are
properly filing individual income tax
48 returns. This results in revenue to the

SENATE AMENDMENT "A" to H.P. 1923, L.D. 2669

General Fund of \$166,075 in fiscal year
2000-01.

**DEPARTMENT OF ADMINISTRATIVE
AND FINANCIAL SERVICES
TOTAL**

\$33,460

Sec. 3. Effective date. That section of this Act that amends the Maine Revised Statutes, Title 36, section 2013, subsections 2 and 3 takes effect January 1, 2001.'

FISCAL NOTE

This amendment reduces the total General Fund cost of the bill by \$4,709,570 in fiscal year 2000-01, \$5,035,801 in fiscal year 2001-02 and \$5,335,874 in fiscal year 2002-03. As amended, the bill, after deducting General Fund appropriations, will generate net additional General Fund revenue of \$8,974, \$39,716 and \$34,971, respectively.

As amended, this bill adds a sales tax exemption or refund for electricity used in commercial agriculture, fishing or aquaculture effective January 1, 2001. This exemption will decrease sales tax collections by \$130,286 in fiscal year 2000-01, \$266,000 in fiscal year 2001-02 and \$271,000 in fiscal year 2002-03. The reduction of these tax collections will decrease the amounts transferred to the Local Government Fund for state-municipal revenue sharing in those years by \$6,645, \$13,566 and \$13,821, respectively. The resulting net reductions of General Fund revenue will be \$123,641 in fiscal year 2000-01, \$252,434 in fiscal year 2001-02 and \$257,179 in fiscal year 2002-03.

As amended, this bill also establishes a new Tax Examiner position within the Bureau of Revenue Services within the Department of Administrative and Financial Services. This position will audit partnership and s-corporations returns to verify that all partners and shareholders are properly filing individual income tax returns. This additional audit activity will generate additional individual income tax collections estimated to be \$175,000 in fiscal year 2000-01 and \$350,000 annually beginning in fiscal year 2001-02. These additional collections will increase dedicated revenue to the Local Government Fund by \$8,925 in fiscal year 2000-01 and \$17,850 annually beginning in fiscal year 2001-02, resulting in net increases of General Fund revenue by \$166,075 and \$332,150, respectively.

2

SUMMARY

4

6 This amendment replaces the bill. This amendment, like the
bill, provides a refund for electricity purchased for use in
commercial agricultural production, commercial fishing or
8 commercial aquacultural production.

10

12

SPONSORED BY: *Michael H. Michaud*
(Senator MICHAUD) *JMB*

14

COUNTY: Penobscot

16