

MAINE STATE LEGISLATURE

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L.D. 73

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TAXATION

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STATE OF MAINE HOUSE OF REPRESENTATIVES 120TH LEGISLATURE FIRST REGULAR SESSION

COMMITTEE AMENDMENT "B" to H.P. 64, L.D. 73, Bill, "An Act to Exempt Merchandise That is Donated to a Nonprofit Organization from Use Tax"

Amend the bill by striking out the title and substituting the following:

'An Act to Exempt from Use Tax Merchandise that is Donated to an Exempt Organization'

Further 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 §1864 is enacted to read:

§1864. No use tax on donations to exempt organization

A use tax is not imposed on the donation of merchandise by a retailer from inventory to an organization if sales to that organization are exempt from sales tax under section 1760.'

Further amend the bill by inserting at the end before the summary the following:

'FISCAL NOTE

2001-02

2002-03

REVENUES

COMMITTEE AMENDMENT

2	General Fund	(\$84,964)	(\$117,223)
	Other Funds	(4,566)	(6,300)

4
6 The expansion of the use tax exemption on donated
8 merchandise to merchandise donated by a retailer from inventory
10 to organizations that are currently exempt from paying sales tax
12 will decrease use tax collections by \$89,530 in fiscal year
14 2001-02 and \$123,523 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 \$4,566 and \$6,300, respectively. The resulting
net reductions of General Fund revenue will be \$84,964 in fiscal
year 2001-02 and \$117,223 in fiscal year 2002-03. These
estimates assume an October 1, 2001 effective date.

16
18 The Bureau of Revenue Services within the Department of
20 Administrative and Financial Services will incur some minor
additional costs to administer the expanded exemption. These
costs can be absorbed within the bureau's existing budgeted
resources.'

24 SUMMARY

26 This amendment provides a use tax exemption for merchandise
28 donated by a retailer from inventory to an organization that
would be exempt from sales tax if purchasing the merchandise. It
also adds a fiscal note to the bill.