

# MAINE STATE LEGISLATURE

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7/1/01  
R.S.

L.D. 457

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DATE: *April 30, 2001* (Filing No. S-100)

**TAXATION**

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**STATE OF MAINE  
SENATE  
120TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT " *A* " to S.P. 133, L.D. 457, Bill, "An Act to Clarify that the Sales Tax Exemption for Purchase of Manufacturing Equipment Applies Equitably"

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 §1760, sub-§31, ¶A**, as enacted by PL 1999, c. 516, §6 and affected by §7, is amended to read:

A. For use by the purchaser directly and primarily in either the production of tangible personal property intended to be sold or leased ultimately for final use or consumption, in the production of radio or television broadcast signals or in the production of tangible personal property pursuant to a contract with the United States Government or any agency thereof. This exemption applies even if the purchaser sells the machinery or equipment and leases it back in a sale and leaseback transaction. This exemption also applies whether the purchaser agrees before or after the purchase of the machinery or equipment to enter into the sale and leaseback transaction and whether the purchaser's use of the machinery or equipment in production commences before or after the sale and leaseback transaction occurs; and'

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

A. N. S.

FISCAL NOTE

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2001-02                      2002-03

REVENUES

General Fund	(\$268,259)	(\$373,669)
Other Funds	(14,416)	(20,081)

The sales tax exemption provided to all radio and television broadcasters for equipment used to produce signals will decrease sales and use tax collections by \$282,675 in fiscal year 2001-02 and \$393,750 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 \$14,416 and \$20,081, respectively. The resulting net reductions of General Fund revenue will be \$268,259 in fiscal year 2001-02 and \$373,669 in fiscal year 2002-03.

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

SUMMARY

This amendment moves the changes provided by the bill from a definition section in the law to a sales tax exemption section in the law to accomplish the intent of the bill more appropriately.

The amendment also adds a fiscal note to the bill.