

MAINE STATE LEGISLATURE

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L.D. 457

DATE: April 8, 2002

(Filing No. S-598)

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STATE OF MAINE
SENATE
120TH LEGISLATURE
SECOND REGULAR SESSION

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "B" 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 amendment by striking out all of sections 1 and 2 and inserting in their 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, or in the production of tangible personal property pursuant to a contract with the United States Government or any agency thereof, or, in the case of sales occurring on or after March 1, 2003 but prior to July 1, 2003, in the generation of digital television broadcast signals or, in the case of sales occurring after June 30, 2003, in the generation of radio and television broadcast signals. 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. As used in this paragraph, "digital television broadcast signal" means an over-the-air signal transmitted by a television station licensed under 47 Code of Federal Regulations, Part 73; and'

SENATE AMENDMENT

FISCAL NOTE

2002-03

REVENUES

General Fund	(\$74,955)
Other Funds	(4,045)

The sales tax exemption provided to television broadcasters for equipment used to produce digital signals will decrease sales and use tax collections by \$79,000 in fiscal year 2002-03. The reduction of these tax collections will decrease the amount transferred to the Local Government Fund for state-municipal revenue sharing in that year by \$4,045. The resulting net reduction of General Fund revenue will be \$74,955 in fiscal year 2002-03.

The sales tax exemption provided to radio and television broadcasters for equipment used to produce all broadcast signals will decrease sales and use tax collections by \$465,118 and \$738,373 in fiscal years 2003-04 and 2004-05, respectively. 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 \$24,186 and \$38,395. The resulting net reduction of General Fund revenue will be \$440,932 and \$699,978 in fiscal years 2003-04 and 2004-05, respectively.

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 limits the sales tax exemption proposed in the bill to machinery and equipment used in the production of

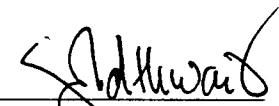
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SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "B" to S.P. 133,
L.D. 457

2 digital television broadcast signals purchased from March 1, 2003
3 to June 30, 2003; clarifies that during the period from March 1,
4 2003 to June 30, 2003 the exemption applies only to signals
5 transmitted over the air by a television station; and after June
6 30, 2003, expands the exemption to all equipment and machinery
7 used to produce radio and television broadcast signals.

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SPONSORED BY: 
(Senator GOLDTHWAIT)

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COUNTY: Hancock

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SENATE AMENDMENT