

MAINE STATE LEGISLATURE

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APPROPRIATIONS AND FINANCIAL AFFAIRS

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STATE OF MAINE
SENATE
120TH LEGISLATURE
SECOND REGULAR SESSION

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 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, or in the production of tangible personal property pursuant to a contract with the United States Government or any agency thereof or, from January 1, 2001 to June 30, 2003, in the production of digital television broadcast signals. As used in this paragraph, "broadcast signal" means an over-the-air signal transmitted by a television station licensed under 47 Code of Federal Regulations, Part 73. 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

2 use of the machinery or equipment in production commences
before or after the sale and leaseback transaction occurs;
and

4
6 **Sec. 2. Retroactivity.** This Act applies retroactively to
January 1, 2001.'

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

10
12 **FISCAL NOTE**

14
16 **2002-03**

18 **REVENUES**

20 General Fund (\$389,223)
Other Funds (21,177)

22 The sales tax exemption provided to television broadcasters
24 for equipment used to produce digital signals will decrease sales
and use tax collections by \$410,400 in fiscal year 2002-03. The
26 reduction of these tax collections will decrease the amount
transferred to the Local Government Fund for state-municipal
28 revenue sharing by \$21,177 in that year. The resulting net
reduction of General Fund revenue will be \$389,223 in fiscal year
2002-03.

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

36
38 **SUMMARY**

40 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 effectively.

42 This amendment limits the new exemption to machinery and
44 equipment used in the production of digital television broadcast
signals purchased from January 1, 2001 to June 30, 2003 and
46 clarifies that the exemption applies only to signals transmitted
over the air by a television station.

48 The amendment also adds a fiscal note to the bill.