

MAINE STATE LEGISLATURE

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Date: 06-06-07

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TAXATION

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STATE OF MAINE
SENATE
123RD LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 322, L.D. 1005, Bill, "An Act To Amend the Tax Laws Concerning Certain Motor Vehicle Dealership Transactions"

Amend the bill by inserting after section 1 the following:

'Sec. 2. 36 MRSA §1752, sub-§17-B, as enacted by PL 2003, c. 673, Pt. V, §19 and affected by §29, is amended to read:

17-B. Taxable service. "Taxable service" means the rental of living quarters in a hotel, rooming house, tourist or trailer camp; the transmission and distribution of electricity; the rental or lease of an automobile; the sale of an extended service contract on an automobile that entitles the purchaser to specific benefits in the service of the automobile for a specific duration; and the sale of prepaid calling service.'

Amend the bill by striking out all of section 3.

Amend the bill in section 4 by striking out all of the last blocked paragraph (page 2, lines 27 to 29 in L.D.) and inserting the following:

'If the vehicle is not used exclusively in the qualifying resident business's out-of-state business activities or is registered for use in the State within 12 months of the date of purchase, the person seeking registration is liable for use tax on the basis of the original purchase price.'

Amend the bill by adding before the summary the following:

'Sec. 6. Retroactivity; application. This Act applies to amounts charged or collected on loaner vehicles as defined in the Maine Revised Statutes, Title 36 or short-term rentals provided to a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's warranty on or after November 1, 2002, except that a person who has paid sales or use tax on those loaner vehicles or short-term rentals on or after November 1, 2002 but prior to the effective date of this Act is not entitled to a refund of the sales or use tax paid unless that person filed an administrative or judicial appeal

COMMITTEE AMENDMENT

RMS

COMMITTEE AMENDMENT "A" to S.P. 322, L.D. 1005

1 pursuant to Title 36, section 151 and that administrative or judicial remedy has not been
2 exhausted.'

3 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
4 section number to read consecutively.

5 **SUMMARY**

6 This amendment:

7 1. Revises the sales tax methodology on extended service contracts on automobiles;
8 rather than through the current formula, which subjects parts and a percentage of the
9 deductible on all such contracts to sales tax at the time service is provided, the tax will be
10 assessed at the time of the sale. This will also facilitate recordkeeping;

11 2. Removes the change made by the bill that removed the distinction between
12 domestic and foreign limited liability companies in the definition of "nonresident" for
13 purposes of the exemption; and

14 3. Adds a retroactive application section exempting amounts charged or collected on
15 loaner vehicles after November 1, 2002 unless the tax was paid and the person paying did
16 not appeal that payment.

17 **FISCAL NOTE REQUIRED**
18 (See attached)



123rd MAINE LEGISLATURE

LD 1005

LR 1789(02)

An Act To Amend the Tax Laws Concerning Certain Motor Vehicle Dealership Transactions

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
Net Cost (Savings)				
General Fund	\$326,101	(\$329,667)	(\$346,151)	(\$365,535)
Revenue				
General Fund	(\$326,101)	\$329,667	\$346,151	\$365,535
Other Special Revenue Funds	(\$17,887)	\$18,083	\$18,987	\$20,050

Fiscal Detail and Notes

This bill results in a net General Fund loss of \$326,101 in fiscal year 2007-08 and a net gain of \$329,667 in fiscal year 2008-09.