

MAINE STATE LEGISLATURE

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REPORT A

TAXATION

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STATE OF MAINE

SENATE

131ST LEGISLATURE

SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 994, L.D. 2279, "An Act to Promote Equity in the Forest Products Industry by Allowing Commercial Wood Haulers to Be Eligible for Certain Sales Tax Exemptions and Refunds"

Amend the bill by striking out everything after the enacting clause and inserting the following:

Sec. 1. 36 MRSA §2013, sub-§1, ¶B-1, as enacted by PL 2011, c. 657, Pt. N, §2 and affected by §3, is amended to read:

B-1. "Commercial wood harvesting" means the commercial severance and, yarding and hauling of trees for sale or for processing into logs, pulpwood, bolt wood, wood chips, stud wood, poles, pilings, biomass or fuel wood or other products commonly known as forest products.

Sec. 2. 36 MRSA §2013, sub-§1, ¶C, as amended by PL 2019, c. 7, §2, is further amended by amending subparagraph (4) to read:

(4) New or used machinery and equipment for use directly and primarily in commercial wood harvesting, including, but not limited to, chain saws; skidders; delimiters; forwarders; slashers; feller bunchers and; wood chippers; semitrailers as defined in Title 29-A, section 101, subsection 66; trailers as defined in Title 29-A, section 101, subsection 86; trucks as defined in Title 29-A, section 101, subsection 88; and truck tractors as defined in Title 29-A, section 101, subsection 90.

Sec. 3. 36 MRSA §2013, sub-§1, ¶C, as amended by PL 2019, c. 7, §2, is further amended by amending the first blocked paragraph to read:

~~Depreciable~~ Except as provided in subparagraph (4), "depreciable machinery and equipment" does not include a motor vehicle as defined in section 1752, subsection 7 or a trailer as defined in section 1752, subsection 19-A.

Sec. 4. 36 MRSA §2013, sub-§1, ¶D is enacted to read:

COMMITTEE AMENDMENT

1 D. "Hauling" means the transportation of forest products from the forest land where
 2 the forest products were harvested to their initial destination involving production or
 3 use.

4 **Sec. 5. 36 MRSA §2013, sub-§2**, as amended by PL 2015, c. 481, Pt. B, §1 and
 5 affected by §2, is further amended by enacting a new 4th blocked paragraph to read:

6 In order for a purchaser or lessee engaged in commercial wood harvesting to qualify for a
 7 refund under this subsection, the purchaser or lessee applying for the refund must have its
 8 headquarters located in this State and a physical place of business in this State at which
 9 workers have the opportunity to apply for employment and shall provide evidence of
 10 payment of any property tax or excise tax due on the depreciable machinery and equipment
 11 for which the purchaser or lessee is seeking a refund of sales tax paid on that depreciable
 12 machinery and equipment. The purchaser or lessee also shall show evidence of a valid
 13 state inspection, pursuant to Title 29-A, chapter 15, of the semitrailer, trailer, truck or truck
 14 tractor used in a commercial wood harvesting operation for which the purchaser or lessee
 15 is seeking a refund of sales tax.

16 **Sec. 6. 36 MRSA §2013, sub-§3**, as amended by PL 2015, c. 481, Pt. B, §1 and
 17 affected by §2, is further amended by enacting a new first blocked paragraph to read:

18 In order for any purchaser or lessee engaged in commercial wood harvesting to qualify for
 19 or to maintain this exemption, the purchaser or lessee must have its headquarters located in
 20 this State and a physical place of business in this State at which workers have the
 21 opportunity to apply for employment and shall provide evidence of payment of any
 22 property tax or excise tax due on the depreciable machinery and equipment for which the
 23 purchaser or lessee is seeking to qualify for or maintain the exemption. The purchaser or
 24 lessee also shall provide evidence of a valid state inspection, pursuant to Title 29-A, chapter
 25 15, of the semitrailer, trailer, truck or truck tractor used in a commercial wood harvesting
 26 operation for which the person is seeking to qualify for or maintain the exemption.

27 **Sec. 7. Appropriations and allocations.** The following appropriations and
 28 allocations are made.

29 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

30 **Revenue Services, Bureau of 0002**

31 Initiative: Provides one-time funding for computer programming costs to implement
 32 changes to the sales tax exemption and refund for commercial wood harvesting.

33 GENERAL FUND	2023-24	2024-25
34 All Other	\$0	\$4,000
35		
36 GENERAL FUND TOTAL	\$0	\$4,000

37 **Sec. 8. Effective date.** This Act takes effect January 1, 2025 and applies to sales
 38 occurring on or after January 1, 2025.'

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

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SUMMARY

This amendment replaces the bill and provides a definition of "hauling" in relation to harvested forest products. The amendment removes from the bill a requirement that, in order for a purchaser to be eligible for the proposed sales tax refund or exemption certificate, the purchaser must show evidence of participation in the unemployment benefits program and instead requires that the purchaser or lessee have a headquarters in the State, a physical location in the State where workers may apply for employment and provide evidence of payment of property tax or excise tax and valid state inspection of certain vehicles used in a commercial wood harvesting operation.

FISCAL NOTE REQUIRED

(See attached)



131st MAINE LEGISLATURE

LD 2279

LR 3077(02)

An Act to Promote Equity in the Forest Products Industry by Allowing Commercial Wood Haulers to Be Eligible for Certain Sales Tax Exemptions and Refunds

Fiscal Note for Bill as Amended by Committee Amendment "A (5-715)"

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$0	\$69,000	\$325,000	\$433,000
Appropriations/Allocations				
General Fund	\$0	\$4,000	\$0	\$0
Revenue				
General Fund	\$0	(\$65,000)	(\$325,000)	(\$433,000)
Other Special Revenue Funds	\$0	(\$2,000)	(\$17,000)	(\$22,000)

Fiscal Detail and Notes

Effective January 1, 2025, this bill adds vehicles and trailers for hauling wood to the list of purchases that qualify for the sales tax exemption and sales tax refund for commercial wood harvesting and also restricts the commercial wood harvesting sales tax exemption and refund to companies headquartered in the State. The net effect of these changes is a reduction in General Fund revenue of \$65,000 in fiscal year 2024-25 and a reduction in Local Government Fund revenue of \$2,000 in fiscal year 2024-25, as the revenue loss from making wood hauler purchases eligible for the sales tax exemption and refund more than offsets the revenue gain from restricting eligibility to companies headquartered in the State in each year.

The bill includes a one-time General Fund appropriation to the Department of Administrative and Financial Services, Bureau of Revenue Services of \$4,000 in fiscal year 2024-25 for programming costs to implement changes to the sales tax exemption and refund for commercial wood harvesting.