

MAINE STATE LEGISLATURE

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L.D. 2279

Date: 4/16/24

(Filing No. S-716)

REPORT C

TAXATION

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STATE OF MAINE

SENATE

131ST LEGISLATURE

SECOND REGULAR SESSION

COMMITTEE AMENDMENT "B" 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. 36 MRSA §2013, sub-§3-A** is enacted to read:

28 **3-A. Exclusion from exemption.** Notwithstanding subsection 3, the assessor may not
29 provide a certificate for the purchase of machinery or equipment to be used primarily in the
30 hauling of trees for sale or processing into logs, pulp wood, bolt wood, wood chips, stud
31 wood, poles, pilings, biomass or fuel wood or other products commonly known as forest
32 products.

33 **Sec. 8. Appropriations and allocations.** The following appropriations and
34 allocations are made.

35 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**
36 **Revenue Services, Bureau of 0002**

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

39 GENERAL FUND	2023-24	2024-25
40 All Other	\$0	\$4,000
41		
42 GENERAL FUND TOTAL	\$0	\$4,000



131st MAINE LEGISLATURE

LD 2279

LR 3077(03)

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 "B" (S-716)
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	(\$93,000)	(\$233,000)	\$22,000
Appropriations/Allocations				
General Fund	\$0	\$4,000	\$0	\$0
Revenue				
General Fund	\$0	\$97,000	\$233,000	(\$22,000)
Other Special Revenue Funds	\$0	\$4,000	\$12,000	\$2,000

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 refund for commercial wood harvesting. The bill also restricts the commercial wood harvesting sales tax refund and sales tax exemption to companies headquartered in the State. The restriction to companies headquartered in the State results in an increase in General Fund revenue of \$97,000 in fiscal year 2024-25 and an increase in Local Government Fund revenue of \$4,000 in the same year. The fiscal note assumes that, as with existing sales tax refunds, equipment for hauling wood will need to be used for wood hauling for two years before a refund can be obtained. As a result, the offsetting revenue loss from the sales tax refund provision is delayed until fiscal year 2026-27.

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.