

## OFFICE OF FISCAL AND PROGRAM REVIEW

Date: April 22, 2013  
To: Members, Joint Standing Committee on Taxation  
From: Elizabeth Cooper, Legislative Analyst  
Re: Final Amendment Review – LD 279

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An amendment and fiscal note for LD 279 are attached for your review.

### **LD 279, "An Act To Sustain Maine's Aviation Industry by Extending the Exemption from Sales and Use Tax for Aircraft and Parts"**

The Committee voted on April 5, 2013, with unanimous report of OTPA.

- The amendment replaces the bill and establishes a sunset date of June 1, 2033; it requires a review by the Taxation Committee by June 1 2023 to determine whether provides an incentive for increasing investment in the aviation sector, attracting and retaining aviation business and the basing of aircraft in the State.
- The fiscal note indicates that extending the sales and use tax exemption on aircraft and aircraft parts to June 30, 2033 is projected to reduce General Fund revenue in FY 2016 and FY 2017 by \$643,150 and \$668,800 respectively.

Please let me know if you have any questions or concerns about this amendment.

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Date: (Filing No. S- )

**TAXATION**

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**STATE OF MAINE  
SENATE  
126TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to S.P. 112, L.D. 279, Bill, “An Act To Sustain Maine's Aviation Industry by Extending the Exemption from Sales and Use Tax for Aircraft and Parts”

Amend the bill by inserting after the enacting clause the following:

**'Sec. 1. 36 MRSA §199-C, sub-§3,** as enacted by PL 2011, c. 665, §6, is repealed and the following enacted in its place:

**3. Specific tax expenditure reviews.** The committee shall review specific tax expenditures as follows.

A. By June 1, 2021, the committee shall review the income tax credit under section 5217-D to determine whether the credit should be retained, repealed or modified. The committee shall consider information provided by the bureau and the Department of Education pursuant to Title 20-A, section 12545.

B. By June 30, 2023, the committee shall review the sales tax exemption under section 1760, subsection 88-A to determine whether it provides an incentive for increasing investment in the aviation sector, attracting and retaining aviation business and the basing of aircraft in the State.'

Amend the bill in section 1 in subsection 88-A in the last line (page 1, line 6 in L.D.) by striking out the following: "~~from July 1, 2011 to June 30, 2015~~" and inserting the following: 'from July 1, 2011 to June 30, ~~2015~~ 2033'

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

**SUMMARY**

This amendment extends the exemption for aircraft and aircraft parts from Maine's sales and use tax until June 30, 2033; the bill made the exemption permanent. The amendment also requires that, by June 30, 2023, the joint standing committee of the Legislature having jurisdiction over taxation matters review the tax expenditure to

**COMMITTEE AMENDMENT**

1 determine whether it provides an incentive for increasing investment in the aviation  
2 sector, attracting and retaining aviation business and the basing of aircraft in the State.  
3 The exemption is currently scheduled to expire on June 30, 2015.



# 126th MAINE LEGISLATURE

LD 279

LR 490(02)

## An Act To Sustain Maine's Aviation Industry by Extending the Exemption from Sales and Use Tax for Aircraft and Parts

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$0	\$643,150	\$668,800
<b>Revenue</b>				
General Fund	\$0	\$0	(\$643,150)	(\$668,800)
Other Special Revenue Funds	\$0	\$0	(\$33,850)	(\$35,200)

#### Fiscal Detail and Notes

Extending the sales and use tax exemption on aircraft and aircraft parts to June 30, 2033 from June 30, 2015 is projected to reduce General Fund revenue by \$643,150 in FY 2015-16 and \$668,800 in FY 2016-17 and Municipal Revenue Sharing by \$33,850 in FY 2015-16 and by \$35,200 in FY 2016-17.