

## OFFICE OF FISCAL AND PROGRAM REVIEW

Work Session Date: March 18, 2013

To: Members, Joint Standing Committee on Taxation

From: Elizabeth Cooper, Legislative Analyst

### **LD 720, An Act To Eliminate Sales Tax Exemptions for Snowmobiles and All-terrain Vehicles Purchased by Nonresidents for Use in the State**

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**Summary:** This bill eliminates the sales tax exemptions for all-terrain vehicles and snowmobiles purchased in the State for nonresidents who are required to register and who store or use in the State the snowmobile or all-terrain vehicle.

#### **Public Hearing:**

##### Proponents

- The sponsor presented the bill and provided written testimony.
- *Major points:* won't take away exemption if snowmobile or ATV taken out of the State immediately after purchase; unfair that residents must pay, but nonresidents don't; likely nonresidents will still make purchases in Maine to be near dealer for servicing.

##### Opposed

- Testimony in opposition of the bill was provided by 4 snowmobile/ATV dealers and the Maine Snowmobile Association. Written testimony in opposition was submitted by Senator Whittemore.
- *Major points:* many nonresidents purchase in Maine due to tax exemption; need it due to proximity to NH; loss of exemption will impacts incentive to ride and make other purchases in Maine; 20% of snowmobile registration are nonresidents; if nonresidents make purchases out of state there is a revenue loss from registration and other taxable sales; economic impact; nonresidents are substantial part of business; little profit margin on the machines; profit is on the accessories, service, which are taxable sales and repeat business.

NFNA - None

**Additional Information:** A copy of the "Affidavit of Exemption for Snowmobiles and ATVs Sold to a Legal Resident of Another State" is attached.

**Fiscal Information:** The preliminary fiscal impact statement indicates an expected increase General Fund revenue and municipal revenue sharing. It is attached to this summary and can be found online at: [www.mainelegislature.org/LawMakerWeb/search.asp](http://www.mainelegislature.org/LawMakerWeb/search.asp).