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An Act To Provide Tax Relief to Maine's Forest Products Industry

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, Maine is dependent on its natural resources-based economy; and

Whereas, the price of diesel fuel in Maine is at an all-time high and is devastating the Maine economy, especially with regard to loggers and truckers carrying forest products; and

Whereas, Governor John E. Baldacci has already issued a Declaration of Civil Emergency regarding the high price of diesel fuel and its impact on the State's forest products industry; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §1752, sub-§2-D is enacted to read:

2-D. Forest land. "Forest land" means land used primarily for the growth of trees to be harvested for commercial use.

Sec. 2. 36 MRSA §1752, sub-§2-E is enacted to read:

2-E. Forest products. "Forest products" means logs, pulpwood, bolt wood, wood chips, stud wood, poles, pilings, biomass or fuel wood or other products commonly known as forest products, but does not include Christmas trees, maple syrup, nursery products used for ornamental purposes, wreaths, bough material or cones or other seed crops.

Sec. 3. 36 MRSA §2019 is enacted to read:

§ 2019. Refund of sales tax on purchases of parts and supplies

1. Definition. For purposes of this section, "harvest-related transport of forest products" means the transportation of forest products from the forest land where they were harvested to their initial destination involving production or use.

2. Refund authorized. The State Tax Assessor shall refund to a person that purchases parts and supplies for use in the repair and maintenance of motor vehicles and trailers that are used directly and primarily in the harvest-related transport of forest products the amount of sales tax paid upon the person's presenting evidence that the purchase is eligible for a refund under this section. Evidence required by the

assessor may include a copy or copies of that portion of the purchaser's most recent filing under the Code indicating that the purchaser is engaged in the harvest-related transport of forest products. An application for a refund under this subsection must be filed with the assessor within 36 months of the date of purchase.

3. Purchases made free of tax with certificate. Sales tax need not be paid on the purchase of parts and supplies for use in the repair and maintenance of motor vehicles and trailers that are used directly and primarily in the harvest-related transport of forest products if the purchaser has obtained a certificate from the assessor stating that the purchaser is engaged in the harvest-related transport of forest products and authorizing the purchaser to purchase parts and supplies for use in the repair and maintenance of motor vehicles and trailers without paying Maine sales tax. The seller shall obtain a copy of the certificate together with an affidavit as prescribed by the assessor, to be maintained in the seller's records, attesting to the qualification of purchases for exemption pursuant to this section. In order for the purchase of parts and supplies to qualify for this exemption, the motor vehicle or trailer to be repaired or maintained must be used directly and primarily in the harvest-related transport of forest products.

4. Repeal. This section is repealed October 1, 2008.

Sec. 4. Transfer funds. Notwithstanding any other provision of law, the Governor shall transfer by financial order \$175,000 by March 1, 2008 and \$125,000 by July 1, 2008 from the emergency portion of the State Contingent Account to the unappropriated surplus of the General Fund.

Sec. 5. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Revenue Services - Bureau of 0002

Initiative: Allocates funds for computer programming and mailing and printing costs.

GENERAL FUND	2007-08	2008-09
All Other	\$7,000	\$0
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GENERAL FUND TOTAL	\$7,000	\$0

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

SUMMARY

This bill provides for a sales tax exemption for repair parts and maintenance supplies used for motor vehicles and trailers primarily engaged in the transport of harvested forest products. The exemption is repealed on October 1, 2008. The bill also authorizes the Governor to transfer funds by financial order from the emergency portion of the State Contingent Account to the unappropriated surplus of the General Fund.