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An Act To Refund the Sales Tax Paid on Fuel Used in Commercial Agricultural Production and Commercial Wood Harvesting

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

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

2. Refund authorized. Any person, association of persons, firm or corporation that purchases electricity, or that purchases or leases depreciable machinery or equipment, for use in commercial agricultural production, commercial fishing, commercial aquacultural production or commercial wood harvesting or that purchases fuel for use in a commercial fishing vessel or fuel for use in commercial wood harvesting or commercial agricultural production must be refunded the amount of sales tax paid upon presenting to the State Tax Assessor evidence that the purchase is eligible for refund under this section.

Evidence required by the assessor may include a copy or copies of that portion of the purchaser's or lessee's most recent filing under the United States Internal Revenue Code that indicates that the purchaser or lessee is engaged in commercial agricultural production, commercial fishing, commercial aquacultural production or commercial wood harvesting and that the purchased machinery or equipment is depreciable for those purposes or would be depreciable for those purposes if owned by the lessee.

In the event that any piece of machinery or equipment is only partially depreciable under the United States Internal Revenue Code, any reimbursement of the sales tax must be prorated accordingly. In the event that electricity or fuel for a commercial fishing vessel is used in qualifying and nonqualifying activities, any reimbursement of the sales tax must be prorated accordingly.

Application for refunds must be filed with the assessor within 36 months of the date of purchase or execution of the lease.

3. Purchases made free of tax with certificate. Sales tax need not be paid on the purchase of electricity, fuel for a commercial fishing vessel or for use in commercial wood harvesting or commercial agricultural production or a single item of machinery or equipment if the purchaser has obtained a certificate from the assessor stating that the purchaser is engaged in commercial agricultural production, commercial fishing, commercial aquacultural production or commercial wood harvesting and authorizing the purchaser to purchase electricity, fuel for a commercial fishing vessel or for use in commercial wood harvesting or commercial agricultural production or depreciable machinery and equipment without paying Maine sales tax. The seller is required to 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 the purchase for exemption pursuant to this section. In order to qualify for this exemption, the electricity, fuel for a commercial fishing vessel or for use in commercial wood

harvesting or commercial agricultural production or depreciable machinery or equipment must be used directly in commercial agricultural production, commercial fishing, commercial aquacultural production or commercial wood harvesting. In order to qualify for this exemption, the electricity or fuel for a commercial fishing vessel or for use in commercial wood harvesting or commercial agricultural production must be used in qualifying activities, including support operations.

Sec. 2. Effective date. This Act takes effect October 1, 2015.

SUMMARY

This bill provides a sales and use tax refund or exemption for fuel used in commercial wood harvesting or commercial agricultural production.