

STATE OF MAINE

Interdepartmental Memorandum

February 1, 2012

**To:** The Joint Standing Committee on Taxation

**From:** Peter B. Beaulieu, Director, Sales, Fuel and Special Tax Division,  
Maine Revenue Services (MRS)

**Subject:** LD 1735 – An Act to Promote Jobs in the Motor Coach Industry by Providing a Sales Tax Exemption for Certain Buses

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**Primary Sponsor:** Senate President Kevin Raye

**Estimated Revenue Impact:** None.

**Estimated Administrative Cost Impact:** Nominal administrative costs can be absorbed under current budgetary allotments.

**Identified Issues:**

- Title 36 Section 1760(41) currently provides a sales tax exemption for vehicles and watercraft used in interstate and foreign commerce, provided that certain tests are met. The key test is that the property must be used in interstate or foreign commerce at least 80% of the time in the two years following its purchase.
- The law provides that personal property is not engaged in interstate or foreign commerce when it is carrying a payload that both originates and terminates in Maine. The bill would amend this provision so that it would not apply to certain buses servicing the cruise industry; those buses would therefore be eligible for the sales tax exemption in certain limited circumstances.

**Similar Legislative Proposals:** None.

cc (by e-mail): Office of Fiscal & Program Review  
Office of DAFS Commissioner  
Office of the Attorney General  
Office of Policy & Legal Analysis

State Budget Office  
Office of the Governor  
Revisor's Office  
Office of Information Technology