

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 698, An Act To Provide an Exemption from Fuel and Sales Taxes to Persons Engaged in Snowmobile Trail Grooming" (Emergency)

Summary: This bill makes the existing sales tax exemption for the purchase of snowmobiles and snowmobile trail grooming equipment by snowmobile clubs available to persons operating snowmobile trail grooming equipment registered with the Department of Agriculture, Conservation and Forestry, Division of Parks and Public Lands, Off-road Recreational Vehicle Division. It provides that operating registered snowmobile trail grooming equipment to groom trails financed by the Snowmobile Trail Fund is considered a commercial use for purposes of reimbursement of the tax paid on internal combustion engine fuel.

Public Hearing:

Proponents

- The sponsor presented the bill and provided written testimony. He indicated that the bill does not need to be an emergency and it is the activity of trail grooming that should be exempt from sales tax and fuel tax.
- A representative of the Maine Snowmobile Association testified in support of the bill.
- *Major points:* groomed trails are essential for winter economy; very few private groomers; exemption would offset costs, which are often more than that paid for the work.

Opposed - None

NFNA- None

Additional information: See 12 MRSA §13113 on back.

Fiscal Information: The preliminary fiscal impact statement was not available at the time this analysis was finalized. The most current fiscal information can be found online at: www.mainelegislature.org/LawMakerWeb/search.asp.

12 §13113. REGISTRATION OF TRAIL-GROOMING EQUIPMENT

1. Definitions. For purposes of this section, "trail-grooming equipment" means a self-propelled vehicle that:

- A. Has a minimum weight of 1,200 pounds;
- B. Exceeds 60 inches in width;
- C. Is driven by a track or tracks in contact with the snow; and
- D. Is performing winter trail maintenance by plowing, leveling or compacting snow by use of a front plow or rear attachments that include but are not limited to rollers, compactor bars or trail drags.

2. Operating unregistered trail-grooming equipment. Except as provided in this section, a person may not operate trail-grooming equipment on a snowmobile trail that is financed in whole or in part by the Snowmobile Trail Fund unless that trail-grooming equipment is registered in accordance with this section.

- A. A registration is not required for trail-grooming equipment operated on land on which the owner lives or on land on which the owner is domiciled, if the trail-grooming equipment is not operated elsewhere within the jurisdiction of this State.
- B. A registration is not required for trail-grooming equipment operated by a commercial ski area for the purpose of packing snow or for rescue operation, unless the trail-grooming equipment is required to cross a public way during that operation.
- C. Trail-grooming equipment owned and operated by the Federal Government, the State or a political subdivision of the State is exempt from registration fees, but must be registered and is required to display the registration.

3. Application and issuance. The commissioner may register trail-grooming equipment upon application by the owner if the owner is an organization that has an approved contract for snowmobile trail grooming with the Department of Agriculture, Conservation and Forestry, Division of Parks and Public Lands, Off-Road Vehicle Division or a person that can provide proof to the department at the time of application that the person is a member of an organization eligible to register trail-grooming equipment under this section. The commissioner may establish procedures necessary to carry out the purposes of this section.

4. Form of registration. The trail-grooming equipment registration must be in such form as the commissioner may determine.

5. Fee. The registration fee for trail-grooming equipment is a one-time fee of \$33. The registration fee is valid from the date of issuance until the date that the equipment is sold or transferred. Revenue from the registration fee is allocated according to section 10206, subsection 2, paragraph A.

6. Fraudulent acquisition of trail-grooming registration. A person may not obtain a trail-grooming equipment registration through fraud, misstatement or misrepresentation.

7. Penalty. The following penalties apply to violations of this section.

- A. A person who violates this section commits a civil violation for which a fine of not less than \$100 nor more than \$500 may be adjudged.
- B. A person who violates this section after having been adjudicated as having committed 3 or more civil violations under this Part within the previous 5-year period commits a Class E crime.