

## OFFICE OF FISCAL AND PROGRAM REVIEW

Date: April 22, 2013  
To: Members, Joint Standing Committee on Taxation  
From: Elizabeth Cooper, Legislative Analyst  
Re: Final Amendment Review – LD 728

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An amendment and fiscal note for LD 728 are attached for your review.

### **LD 728, "An Act To Amend the Laws Dealing with the Taxing of Extended Warranty Claims for Trucks"**

The Committee voted on April 5, 2013, with unanimous report of OTPA.

- The amendment adds a provision to apply the sales tax to the purchase of an extended service contract, which was omitted from the original bill.
- The fiscal note indicates applying a sales tax on extended service contracts for trucks and exempting from the sales tax parts used in truck repairs under the extended service contract increases General Fund revenue by \$274,512 in FY 2013-14 and \$256,129 in FY 2014-15.

Please let me know if you have any questions or concerns about this amendment.

Date:

(Filing No. S- )

**TAXATION**

Reproduced and distributed under the direction of the Secretary of the Senate.

**STATE OF MAINE**

**SENATE**

**126TH LEGISLATURE**

**FIRST REGULAR SESSION**

COMMITTEE AMENDMENT " " to S.P. 266, L.D. 728, Bill, "An Act To Amend the Laws Dealing with the Taxing of Extended Warranty Claims for Trucks"

Amend the bill by striking out the title and substituting the following:

**'An Act To Amend the Laws Dealing with the Taxing of the Purchase of Extended Service Contracts and Extended Service Contract Claims for Trucks'**

Amend the bill by inserting after section 1 the following:

**'Sec. 2. 36 MRSA §1752, sub-§17-B,** as amended by PL 2011, c. 684, §2 and affected by §3, is further amended to read:

**17-B. Taxable service.** "Taxable service" means the rental of living quarters in a hotel, rooming house or tourist or trailer camp; the transmission and distribution of electricity; the rental or lease of an automobile, a camper trailer, or a motor home, as defined in Title 29-A, section 101, subsection 40; the rental or lease of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds from a person primarily engaged in the business of renting automobiles; the sale of an extended service contract on an automobile or truck that entitles the purchaser to specific benefits in the service of the automobile or truck for a specific duration; and the sale of prepaid calling service.'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

**SUMMARY**

This amendment provides that the sale of an extended service contract on a truck, as defined in the bill, is a taxable service.

**FISCAL NOTE REQUIRED**

(See attached)

**COMMITTEE AMENDMENT**



# 126th MAINE LEGISLATURE

LD 728

LR 1414(02)

## An Act To Amend the Laws Dealing with the Taxing of Extended Warranty Claims for Trucks

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
<b>Net Cost (Savings)</b>				
General Fund	(\$274,512)	(\$256,129)	(\$248,229)	(\$253,832)
<b>Revenue</b>				
General Fund	\$274,512	\$256,129	\$248,229	\$253,832
Other Special Revenue Funds	\$14,448	\$13,481	\$13,791	\$14,102

#### Fiscal Detail and Notes

Applying a sales tax on extended service contracts for trucks but exempting from the sales tax parts used in truck repairs under the extended service contract increases General Fund revenue by \$274,512 in FY 2013-14 and \$256,129 in FY 2014-15 and Municipal Revenue Sharing by \$14,448 in FY 2013-14 and \$13,481 in FY 2014-15.