

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: March 6, 2012
To: Members, Joint Standing Committee on Taxation
From: Elizabeth Cooper, Legislative Analyst

LD 1809, An Act To Apply the Sales Tax on Camper Trailers and Motor Homes Purchased for Rental in the Same Manner as on Automobiles Purchased for Rental

Summary: This bill provides that camper trailers and motor homes are not subject to sales tax when purchased by a person engaged in the renting or leasing of those items. It subjects the rental of those items to sales tax at the rate of 5% as a taxable service.

Public Hearing:

Proponents

- The sponsor testified that the bill is in response to a campground owner leasing campers from a supplier and the supplier was notified by Maine Revenue Services that they owed sales tax on the original purchase of any camper spending more than 24 hours in Maine. The sponsor testified that the bill proposed to offset the revenue loss by taxing the rental of campers trailers and motor homes similarly to the rental of automobiles, pickup trucks and cargo vans.
- Other testifying included: Maine Campground Owners Association, representatives from Travel Rite RV, Destination RV and the Tourism Association of Maine.
- Major points included: The tax is more appropriately associated with the rental, the amount of use tax on the purchase may discourage business from allowing the rental of units that will travel to Maine, the current taxation structure may discourage tourism.

Opposed – None

NFNA– None

Amendment proposed: An amendment attached to the testimony of Chad Shepard, Owner of Travel Rite RV, proposed retroactivity to allow a business that has an audit, which has not been complete as of March 1, 2012 to “...in lieu of paying a sales or use tax on 5% of the purchase price of the camper...to remit a 5% sales tax on the rentals from such camper...during the audit or assessment period.” **Should the Committee choose to move forward with the amendment clarification will be needed on several issues.**

Drafting/technical issues:

- See Maine Revenue Services memorandum. Application date - Oct 1, 2012? Definition - 1755(22) may be used as it “includes without restriction on length.”
- The Committee may want an explanation of the separate taxation transactions related to rentals of camper trailers by campground owners and get further clarification on taxation issues related to leasing.
- May need additional information on the 7-day issue raised during the public hearing.

Fiscal Information: See the preliminary fiscal impact statement from OFPR attached.