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Resolve
124th Legislature
First Regular Session

Chapter 25
H.P. 64 - L.D. 74

**Resolve, To Review and Update Sales Tax Exemptions
for Products Purchased for Agricultural Use**

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, interpretations of statute and communication of interpretations are essential for consistent implementation of laws; and

Whereas, the review of certain sales tax exemptions by 3 state agencies is a first step in developing recommendations for improvements in rules and bulletins; and

Whereas, these recommendations need to come back to the joint standing committees of jurisdiction; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

Sec. 1 Review of rules and bulletins. Resolved: That the Department of Agriculture, Food and Rural Resources, referred to as "the department" in this resolve, shall review the rules and bulletins of the Department of Administrative and Financial Services, Bureau of Revenue Services, referred to in this resolve as "the bureau," related to sales tax exemptions for the purchase of products used in commercial agricultural crop production or in animal agriculture pursuant to the Maine Revised Statutes, Title 36, section 1760, subsections 7-B and 7-C and the refund of sales taxes related to machinery and equipment purchases for commercial agricultural production pursuant to Title 36, section 2013. The department shall determine whether or not the appropriate products, machinery and equipment are included in rules or in bulletins written and distributed by the bureau to interpret the statutory provisions for sales tax exemptions and sales tax refunds pertaining to agriculture.

The department shall confer with the Department of Conservation on the advisability of including the growing of trees for harvest in the definition of "commercial agricultural crop production." No later than September 15, 2009, the department shall provide the bureau with any recommended changes to the bureau's rules and bulletins; and be it further

Sec. 2 Notice of revisions to and interpretations of rules and bulletins. Resolved:

That the bureau shall provide the department with a description of the process used to notify the public, and retailers and wholesalers in particular, of amendments to the bureau's rules and revisions to the bureau's bulletins regarding products qualifying for sales tax exemptions or equipment and machinery eligible for a sales tax refund. The bureau shall also provide the department with a description on how the bureau responds to requests for an interpretation of the statutes, rules or bulletins developed to implement the statutes. The bureau, in consultation with the department, shall develop a protocol for documenting requests for interpretations and responding to them. The goal of this review is to improve the bureau's ability to deliver consistent responses to inquiries and accountability within the bureau; and be it further

Sec. 3 Report and recommendations submitted to joint standing committees.

Resolved: That the bureau shall review the recommendations of the department under section 1 and prepare proposed changes to the bureau's rules and bulletins based on the recommendations. The bureau shall prepare a response to the department's recommended changes that includes the bureau's comments on each recommended change and any statutory changes needed to implement the department's recommendations, and include this information in its report to the legislative committees along with an estimate of the fiscal impact of each recommendation.

The bureau shall report its findings and any recommendations to the Joint Standing Committee on Taxation and the Joint Standing Committee on Agriculture, Conservation and Forestry by January 15, 2010. The report must include a description of an improved protocol to respond to requests for interpretations as developed under section 2. The recommendations may include revisions to the bureau's bulletins or rules or convey a decision to adopt rules to clarify products eligible for the sales tax exemption and purchases eligible for a refund of sales tax. The Joint Standing Committee on Taxation and the Joint Standing Committee on Agriculture, Conservation and Forestry may each submit legislation to the Second Regular Session of the 124th Legislature relating to the report.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.