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PRESS RELEASE - for immediate release

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Maine Slashes Sales Tax Rate On Boats Sold To Non-Residents!

Portland • Maine

With a flourish of his pen Maine Governor John E. Baldacci extended an invitation to boaters from around the country to come to Maine to buy boats and enjoy the excellent boating opportunities afforded by Maine's rugged coastline and thousands of inland waterbodies. By signing LD 659 into law non-resident boaters will soon pay considerably less in sales tax on their boat purchases in Maine than they will in most other states.

In the waning moments of the 124th Legislature LD 659 "An Act to Reduce the Sales Tax on Certain Watercraft" was cleared in the Appropriations Committee, passed in the House and Senate and sent to the Governor for signature. The new law, which takes effect on August 1st, significantly reduces the amount of Maine sales tax that will need to be paid by non-residents who choose to purchase and keep a boat in Maine. Prior to the passage of LD 659 non-residents who bought a boat in Maine were required to pay the prevailing sales tax (currently 5%) if they wanted to use the boat in state for more than 30 days. In addition, non-resident boaters who used their boats in Maine during their first year of ownership might be subject to the Use Tax if no sales tax had been paid in another jurisdiction.

The new law allows for an exemption that effectively brings the tax rate down to just 2%. "This is a huge step in the right direction for our industry" says Ron Defoe, Lyman Morse Boatbuilding and President of the Maine Marine Trades Association (MMTA). "Lowering the sales tax helps make our boatbuilders and dealers more competitive in the marketplace. The more we can sell the quicker we can rebound from what has been a really tough time for our industry." The bill's primary sponsor Rep. Don Pilon (D - Saco), a member of the Legislature's Taxation Committee noted that "for me, this was really a bill about jobs; jobs in one of Maine's oldest and most respected industries. We know that these

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are good paying jobs with benefits, they require a highly skilled workforce and as a State these are the kinds of jobs that we want to encourage. If we are able to give this industry a boost towards recovery by passing a law like this one then it seems only natural that we should do just that.” Pilon is credited with taking a strong leadership role on this legislation and was successful in garnering support across party lines.

What does the new law mean for boat buyers and boat owners?

- Non-residents who purchase a boat in Maine, and use it in the state for more than 30 days are entitled to a reduction in sales tax which effectively brings the sales tax rate to 2% - applies to sales completed on or after August 1, 2010
- Non-residents who purchase a boat elsewhere and bring it to Maine within the first year of ownership, and who have not paid sales tax elsewhere may be subject to use tax - but at 2% - effective if vessel is found to be in Maine on or after August 1, 2010

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Suggested cut line for photo: Representatives of Maine’s boating industry and members of the Legislature join Maine Governor John E. Baldacci for a bill signing ceremony in Augusta. (standing l – r Susan Swanton, Executive Director, Maine Marine Trades Association; Sean Tarpey, Rumery’s Boat Yard, Biddeford; bill co-sponsor Rep. Patsy Crockett (D Augusta); Christopher Crockett; Maria Simpson, Rockport Marine, Rockport; bill sponsor Rep. Don Pilon (D Saco); Susan Howland, Wayfarer Marine, Camden; Jason Constantine, Back Cove Yachts, Rockland; Ron Defoe, Lyman Morse Boatbuilding – President MMTA Board of Directors; Elaine Scott, Maine Dept. of Economic & Community Development.

