

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

No. 422

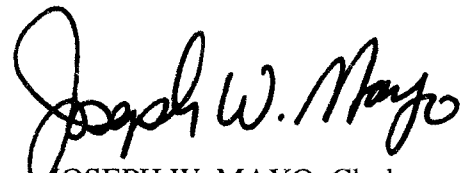
H.P. 306

House of Representatives, January 14, 1999

**An Act to Amend the Laws Regarding when A Merchant Must Remit  
Sales Tax.**

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Reference to the Committee on Taxation suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Representative GREEN of Monmouth.  
Cosponsored by Senator KILKELLY of Lincoln and  
Representatives: BERRY of Belmont, BUMPS of China, CHIZMAR of Lisbon, O'NEAL of  
Limestone, SANBORN of Alton, TRIPP of Topsham, Senators: DAGGETT of Kennebec,  
FERGUSON of Oxford.

2 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 36 MRSA §1952**, as amended by PL 1981, c. 364, §27, is  
repealed and the following enacted in its place:

6 **§1952. Payment of tax: interest**

8 1. Generally. The taxes imposed by chapters 211 to 225 are  
10 due and payable at the time of the sale or, in the case of tax on  
12 rental for living quarters or rental of automobiles rented on a  
14 short-term basis, at the time the rental is payable. Upon such  
16 terms and conditions as the State Tax Assessor may prescribe,  
payment may be postponed to a date not later than the date when  
the sales so taxed are required to be reported. For cause, the  
State Tax Assessor may abate all or any part of the taxes.

18 2. Construction trades. Notwithstanding subsection 1,  
20 taxes imposed by this Part are due and payable for a person  
22 involved in the construction trades at the time of receipt of  
24 payment for the sale. If the person involved in the construction  
26 trades receives a partial payment for a sale, then the tax for  
28 that portion is due upon receipt of the partial payment. Any  
30 financing received by a person involved in the construction  
32 trades in exchange for the outstanding receipts or consideration  
from a sale including assignment of the receivable or debt due,  
direct loan or any other means is deemed payment for purposes of  
this subsection. In any event, taxes are due for a sale no later  
than 3 years after delivery of the materials or service that are  
sold. For purposes of this section, a "person involved in the  
construction trades" means a person authorized to file a lien on  
real property pursuant to Title 10, section 3251.

34 **SUMMARY**

36 In the construction trades, taxable materials and services  
38 are often furnished on credit, with the supplier or service  
40 provider not being paid immediately for the materials or  
42 service. Current law requires, however, that taxes on such sales  
44 are due immediately at the time of the sale rather than when the  
46 supplier or provider is actually paid, causing hardship and cash  
flow problems for the supplier or provider. This bill allows a  
supplier or provider of taxable materials or services in the  
construction trades to pay taxes when the supplier or provider is  
actually paid for the taxable sale but no later than 3 years  
after the sale.