

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 1437

H.P. 1001

House of Representatives, March 22, 2005

An Act To Broaden the Sales Tax Base and Lower the Sales and Use Tax and Service Provider Tax Rates

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative PERCY of Phippsburg.
Cosponsored by Senator STRIMLING of Cumberland, Senator PERRY of Penobscot and
Representatives: DAVIS of Falmouth, GREELEY of Levant, HOTHAM of Dixfield, SMITH
of Monmouth, TARDY of Newport, THOMPSON of China, WATSON of Bath.

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

2 **Sec. 1. 36 MRSA §1752, sub-§14, ¶B**, as amended by PL 2003, c.
4 673, Pt. V, §16 and affected by §29, is further amended to read:

6 B. "Sale price" does not include:

8 (1) Discounts allowed and taken on sales;

10 (2) Allowances in cash or by credit made upon the
12 return of merchandise pursuant to warranty;

14 (3) The price of property returned by customers, when
16 the full price is refunded either in cash or by credit;

18 ~~(4) The price received for labor or services used in
installing or applying or repairing the property sold,
if separately charged or stated;~~

20 ~~(5) Any amount charged or collected, in lieu of a
22 gratuity or tip, as a specifically stated service
charge, when that amount is to be disbursed by a hotel,
24 motel, restaurant or other eating establishment to its
employees as wages;~~

26 (6) The amount of any tax imposed by the United States
28 on or with respect to retail sales, whether imposed
upon the retailer or the consumer, except any
30 manufacturers', importers', alcohol or tobacco excise
tax;

32 ~~(7) The cost of transportation from the retailer's
34 place of business or other point from which shipment is
made directly to the purchaser, provided that these
36 charges are separately stated and the transportation
occurs by means of common carrier, contract carrier or
the United States mail;~~

38 (8) The fee imposed by Title 10, section 1169,
40 subsection 11;

42 (9) The fee imposed by section 4832, subsection 1; or

44 (10) The lead-acid battery deposit imposed by Title
46 38, section 1604, subsection 2-B.

48 **Sec. 2. 36 MRSA §1760, sub-§2**, as amended by PL 1997, c. 729,
Pt. A, §1, is repealed.

2 **Sec. 3. 36 MRSA §1760, sub-§3**, as amended by PL 1991, c. 824,
Pt. A, §73, is repealed.

4 **Sec. 4. 36 MRSA §1760, sub-§4**, as amended by PL 1967, c. 89,
6 is repealed.

8 **Sec. 5. 36 MRSA §1760, sub-§5** is repealed.

10 **Sec. 6. 36 MRSA §1760, sub-§5-A**, as amended by PL 1975, c.
623, §57, is repealed.

12 **Sec. 7. 36 MRSA §1760, sub-§6**, as amended by PL 1999, c. 502,
14 §§1 to 3 and PL 2003, c. 689, Pt. B, §6, is repealed.

16 **Sec. 8. 36 MRSA §1760, sub-§7**, as amended by PL 1997, c. 550,
§1, is repealed.

18 **Sec. 9. 36 MRSA §1760, sub-§8**, as amended by PL 1991, c. 546,
20 §18, is repealed.

22 **Sec. 10. 36 MRSA §1760, sub-§9**, as amended by PL 1977, c. 686,
§1, is repealed.

24 **Sec. 11. 36 MRSA §1760, sub-§9-A**, as enacted by PL 1973, c.
26 594, is repealed.

28 **Sec. 12. 36 MRSA §1760, sub-§9-B**, as amended by PL 1999, c.
657, §21, is repealed.

30 **Sec. 13. 36 MRSA §1760, sub-§9-C**, as enacted by PL 1977,
32 c.686, §2, is repealed.

34 **Sec. 14. 36 MRSA §1760, sub-§9-D**, as amended by PL 1999, c.
414, §20, is repealed.

36 **Sec. 15. 36 MRSA §1760, sub-§9-G**, as enacted by PL 1991, c.
38 851, §1, is repealed.

40 **Sec. 16. 36 MRSA §1760, sub-§12** is repealed.

42 **Sec. 17. 36 MRSA §1760, sub-§12-A**, as amended by PL 1995, c.
634, §1 and affected by §2, is repealed.

44 **Sec. 18. 36 MRSA §1760, sub-§14** is repealed.

46 **Sec. 19. 36 MRSA §1760, sub-§16**, as amended by PL 2003, c.
48 689, Pt. B, §6 and c. 705, §4 and affected by §14, is repealed.

50 **Sec. 20. 36 MRSA §1760, sub-§§17 and 18** are repealed.

2 **Sec. 21. 36 MRSA §1760, sub-§18-A**, as amended by PL 1975, c.
293, §4 and PL 2003, c. 689, Pt. B, §6, is repealed.

4 **Sec. 22. 36 MRSA §1760, sub-§19**, as amended by PL 2003, c.
588, §7, is repealed.

6 **Sec. 23. 36 MRSA §1760, sub-§20**, as amended by PL 1991, c.
8 546, §20, is repealed.

10 **Sec. 24. 36 MRSA §1760, sub-§21**, as amended by PL 1995, c.
12 640, §5, is repealed.

14 **Sec. 25. 36 MRSA §1760, sub-§22**, as amended by PL 1995, c. 65,
Pt. A, §141 and affected by §153 and Pt. C, §15, is repealed.

16 **Sec. 26. 36 MRSA §1760, sub-§23-C**, as affected by PL 2003, c.
18 614, §9; amended by c. 688, Pt. B, §12; and affected by §13, is
repealed.

20 **Sec. 27. 36 MRSA §1760, sub-§24** is repealed.

22 **Sec. 28. 36 MRSA §1760, sub-§25**, as amended by PL 1999, c.
24 708, §27 and affected by §52, is repealed.

26 **Sec. 29. 36 MRSA §1760, sub-§25-A**, as affected by PL 2003, c.
28 614, §9; amended by c. 695, Pt. B, §25; and affected by Pt. C,
§1, is repealed.

30 **Sec. 30. 36 MRSA §1760, sub-§25-B**, as amended by PL 2003, c.
32 414, Pt. B, §63 and affected by c. 614, §9, is repealed.

34 **Sec. 31. 36 MRSA §1760, sub-§26**, amended by PL 1997, c. 723,
§1, is repealed.

36 **Sec. 32. 36 MRSA §1760, sub-§28**, as amended by PL 1999, c.
38 708, §28; PL 2001, c. 354, §3; and PL 2003, c. 689, Pt. B, §6, is
repealed.

40 **Sec. 33. 36 MRSA §1760, sub-§29**, as amended by PL 1989, c.
42 890, Pt. A, §10 and affected by §40, is repealed.

44 **Sec. 34. 36 MRSA §1760, sub-§30**, as amended by PL 1989, c.
46 890, Pt. A, §11 and affected by §40, is repealed.

48 **Sec. 35. 36 MRSA §1760, sub-§31**, as amended by PL 2003, c. 20,
Pt. Z, §1, is repealed.

50 **Sec. 36. 36 MRSA §1760, sub-§32**, as amended by PL 1997, c.
557, Pt. D, §2 and affected by §4 and Pt. G, §1, is repealed.

2 **Sec. 37. 36 MRSA §1760, sub-§33**, as repealed and replaced by
PL 1977, c. 238, is repealed.

4 **Sec. 38. 36 MRSA §1760, sub-§34**, as repealed and replaced by
PL 1981, c. 163, §4, is repealed.

6 **Sec. 39. 36 MRSA §1760, sub-§35**, as amended by PL 1993, c.
8 670, §2, is repealed.

10 **Sec. 40. 36 MRSA §1760, sub-§37**, as amended by PL 1987, c.
12 737, Pt. C, §§82 and 106; PL 1989, c. 6; c. 9, §2; and c. 104,
Pt. C, §§8 and 10, is repealed.

14 **Sec. 41. 36 MRSA §1760, sub-§39**, as enacted by PL 1977, c.
16 686, §3, is repealed.

18 **Sec. 42. 36 MRSA §1760, sub-§40**, as repealed and replaced by
PL 1987, c. 497, §37, is repealed.

20 **Sec. 43. 36 MRSA §1760, sub-§41**, as amended by PL 1999, c.
22 759, §3 and affected by §4, is repealed.

24 **Sec. 44. 36 MRSA §1760, sub-§42**, as amended by PL 2001, c.
439, Pt. PPP, §1 and affected by §2, is repealed.

26 **Sec. 45. 36 MRSA §1760, sub-§43**, as amended by PL 1983, c.
28 828, §6, is repealed.

30 **Sec. 46. 36 MRSA §1760, sub-§44**, as reallocated by PL 1983, c.
562, is repealed.

32 **Sec. 47. 36 MRSA §1760, sub-§45**, as amended by PL 1999, c.
34 708, §29, is repealed.

36 **Sec. 48. 36 MRSA §1760, sub-§46**, as repealed and replaced by
PL 2003, c. 451, Pt. AA, §1, is repealed.

38 **Sec. 49. 36 MRSA §1760, sub-§47-A**, as corrected by RR 1995, c.
40 2, §95, is repealed.

42 **Sec. 50. 36 MRSA §1760, sub-§49**, as repealed and replaced by
PL 1999, c. 499, §1, is repealed.

44 **Sec. 51. 36 MRSA §1760, sub-§50**, as enacted by PL 1983, c.
46 859, Pt. M, §§6 and 13, is repealed.

48 **Sec. 52. 36 MRSA §1760, sub-§51**, as repealed and replaced by
PL 1985, c. 737, Pt. A, §95, is repealed.

2 **Sec. 53. 36 MRSA §1760, sub-§52**, as enacted by PL 1985, c.
737, Pt. A, §96, is repealed.

4 **Sec. 54. 36 MRSA §1760, sub-§53**, as enacted by PL 1985, c.
737, Pt. A, §97, is repealed.

6 **Sec. 55. 36 MRSA §1760, sub-§55**, as enacted by PL 1985, c.
8 788, §1, is repealed.

10 **Sec. 56. 36 MRSA §1760, sub-§56**, as amended by PL 1989, c.
533, §7, is repealed.

12 **Sec. 57. 36 MRSA §1760, sub-§57**, as enacted by PL 1987, c.
14 343, §5, is repealed.

16 **Sec. 58. 36 MRSA §1760, sub-§58**, as amended by PL 2003, c.
588, §8, is repealed.

18 **Sec. 59. 36 MRSA §1760, sub-§59**, as amended by PL 1989, c.
20 700, Pt. A, §169, is repealed.

22 **Sec. 60. 36 MRSA §1760, sub-§60**, as amended by PL 1997, c.
545, §1, is repealed.

24 **Sec. 61. 36 MRSA §1760, sub-§61**, as amended by PL 2003, c.
26 588, §9, is repealed.

28 **Sec. 62. 36 MRSA §1760, sub-§62**, as repealed and replaced by
PL 1989, c. 502, Pt. A, §129, is repealed.

30 **Sec. 63. 36 MRSA §1760, sub-§63**, as enacted by PL 1989, c.
32 502, Pt. A, §130, is repealed.

34 **Sec. 64. 36 MRSA §1760, sub-§64**, as amended by PL 2003, c.
588, §10, is repealed.

36 **Sec. 65. 36 MRSA §1760, sub-§65**, as amended by PL 1993, c.
38 670, §6, is repealed.

40 **Sec. 66. 36 MRSA §1760, sub-§66**, as enacted by PL 1989, c.
502, Pt. B, §47 and c. 581, §20 and repealed and replaced by c.
42 871, §12, is repealed.

44 **Sec. 67. 36 MRSA §1760, sub-§67**, as enacted by PL 1989, c.
501, Pt. P, §30 and c. 533, §8 and repealed and replaced by c.
46 871, §13, is repealed.

48 **Sec. 68. 36 MRSA §1760, sub-§69**, as enacted by PL 1989, c.
533, §8, is repealed.

50

2 **Sec. 69. 36 MRSA §1760, sub-§70**, as enacted by PL 1989, c.
533, §8 and amended by c. 871, §14, is repealed.

4 **Sec. 70. 36 MRSA §1760, sub-§71**, as enacted by PL 1989, c.
533, §8, is repealed.

6 **Sec. 71. 36 MRSA §1760, sub-§72**, as amended by PL 1999, c.
8 708, §30, is repealed.

10 **Sec. 72. 36 MRSA §1760, sub-§§73, 74 and 75**, as enacted by PL
12 1989, c. 871, §15, are repealed.

14 **Sec. 73. 36 MRSA §1760, sub-§76**, as amended by PL 2003, c.
588, §11, is repealed.

16 **Sec. 74. 36 MRSA §1760, sub-§77**, as enacted by PL 1993, c.
18 532, §1, is repealed.

20 **Sec. 75. 36 MRSA §1760, sub-§78**, as repealed and replaced by
PL 1997, c. 725, §1, is repealed.

22 **Sec. 76. 36 MRSA §1760, sub-§79**, as enacted by PL 1997, c.
24 791, Pt. A, §2, is repealed.

26 **Sec. 77. 36 MRSA §1760, sub-§80**, as enacted by PL 1999, c.
286, §1, is repealed.

28 **Sec. 78. 36 MRSA §1760, sub-§81**, as enacted by PL 1999, c.
30 530, §10, is repealed.

32 **Sec. 79. 36 MRSA §1760, sub-§82**, as reallocated by RR 1999, c.
1, §48, is repealed.

34 **Sec. 80. 36 MRSA §1760, sub-§83**, as reallocated by RR 1999, c.
36 1, §49, is repealed.

38 **Sec. 81. 36 MRSA §1760, sub-§84**, as enacted by PL 2001, c. 95,
§6, is repealed.

40 **Sec. 82. 36 MRSA §1760, sub-§85**, as reallocated by RR 2001, c.
42 1, §45, is repealed.

44 **Sec. 83. 36 MRSA §1760, sub-§§86 and 87**, as amended by PL 2003,
c. 688, Pt. D, §3, are repealed.

46 **Sec. 84. 36 MRSA §1765**, as amended by PL 1999, c. 518, §2, is
48 repealed.

50 **Sec. 85. 36 MRSA §1811, first ¶**, as amended by PL 2001, c. 439,
Pt. TTTT, §2 and affected by §3, is further amended to read:

2 A tax is imposed on the value of all tangible personal
4 property and taxable services sold at retail in this State. The
6 rate of tax is 7% on the value of liquor sold in licensed
8 establishments as defined in Title 28-A, section 2, subsection
10 15, in accordance with Title 28-A, chapter 43; 7% on the value of
12 rental of living quarters in any hotel, rooming house or tourist
or trailer camp; 10% on the value of rental for a period of less
than one year of an automobile; 7% on the value of prepared food;
and -5% 2% on the value of all other tangible personal property
and taxable services. Value is measured by the sale price,
except as otherwise provided.

14 **Sec. 86. 36 MRSA §1811, last ¶**, as repealed and replaced by PL
2003, c. 510, Pt. C, §12 and affected by §13, is amended to read:

16 Rental or lease of an automobile for one year or more must
18 be taxed at the time of the lease or rental transaction at -5% 2%
20 of the following: the total monthly lease payment multiplied by
the number of payments in the lease or rental, the amount of
equity involved in any trade-in and the value of any cash down
22 payment. Collection and remittance of the tax is the
24 responsibility of the person that negotiates the lease
transaction with the lessee.

26 **Sec. 87. 36 MRSA §1863**, as enacted by PL 1981, c. 503, is
repealed.

28 **Sec. 88. 36 MRSA §1864**, as enacted by PL 2001, c. 439, Pt.
30 II, §1 and affected by §2, is repealed.

32 **Sec. 89. 36 MRSA §2012**, as amended by PL 1967, c. 88, is
repealed.

34 **Sec. 90. 36 MRSA §2013**, as amended by PL 2001, c. 396, §24,
36 is repealed.

38 **Sec. 91. 36 MRSA §2014**, as enacted by PL 1983, c. 560, §§4
40 and 6, is repealed.

42 **Sec. 92. 36 MRSA §2551, sub-§§1-A to 1-F, 3-A, 4-A, 5-A, 5-B, 7-A,
12-A, 18-A and 20-A** are enacted to read:

44 **1-A. Administrative and support services.** "Administrative
46 and support services" includes purchases of office administrative
services, facilities support services, employment services,
48 business support services, travel arrangement and reservation
services, investigation and security services, services to
50 buildings and dwellings, waste management and remediation
services and all other support services.

2 **1-B. Amusement and recreation services.** "Amusement and
recreation services" includes theater and opera performances,
4 movies, pari-mutuel racing net receipts, spectator sporting
events, commercial participant amusements and all other
6 recreation services.

8 **1-C. Apparel services.** "Apparel services" includes
cleaning, storage and repair of clothing and shoes.

10 **1-D. Business and legal services.** "Business and legal
12 services" means tax preparation services, legal services and
other personal business services.

14 **1-E. Construction services.** "Construction services"
16 includes residential building, commercial and institutional
building, manufacturing and industrial building, water, sewer and
18 pipeline construction services.

20 **1-F. Education services.** "Education services" includes
consumer purchases of services from elementary and secondary
22 schools, private and public schools of higher education, nursery
schools and commercial and vocational schools.

24 **3-A. Financial services.** "Financial services" includes
26 medical care and hospitalization insurance, income loss
insurance, workers' compensation insurance, brokerage charges,
28 investment counseling fees, bank service charges, trust services,
safe deposit box fees, services furnished without payment by
30 financial intermediaries, expenses of handling life insurance and
pension plans, motor vehicle insurance, nondepository credit
32 intermediation and related activities, securities, commodity
contracts, investments, monetary authorities and depository
34 credit intermediation, real estate services and rental leasing
activities.

36 **4-A. Health services.** "Health services" includes consumer
38 purchases of services from dentists, hospitals, physicians,
nursing homes and other professional medical service providers.

40 **5-A. Information services.** "Information services" includes
42 services from newspaper publishers, periodicals publishers, book
publishers, database publishers, directory and other publishers,
44 software publishers, motion picture and video industries, sound
recording industries, radio and television broadcasters, cable
46 networks and program distributors, data processing businesses and
other providers of information services.

2 **5-B. Management and enterprise services.** "Management and
enterprise services" includes services related to the
4 administration, oversight and management of other establishments
of a company or enterprise.

6 **7-A. Personal appearance services.** "Personal appearance
services" includes barber shops, beauty parlors and health clubs.

8
10 **12-A. Professional, scientific and technical services.**
"Professional, scientific and technical services" includes legal
12 services, accounting and bookkeeping services, architectural and
engineering services, specialized design services, custom
14 computer programming, computer systems design, other
computer-related services, facilities management services,
16 management consulting services, environmental and other technical
consulting services, scientific research and development
18 services, advertising and related services, veterinary services,
and other professional, scientific and technical services.

20 **18-A. Social and organization services.** "Social and
organization services" includes consumer purchases of
22 professional association memberships, club and fraternal
organization memberships, domestic services, other household
24 operations services and religious and welfare activities,
including donations to such organizations.

26
28 **20-A. Transportation and warehousing services.**
"Transportation and warehousing services" includes airline, bus,
30 railroad, truck, watercraft, limousine, toll road, pipeline,
postal, courier, messenger, warehousing and storage services.

32 **Sec. 93. 36 MRS §2552, sub-§1,** as enacted by PL 2003, c. 673,
Pt. V, §25 and affected by §29, is amended to read:

34
36 **1. Rate.** A tax at the rate of -5% 2% is imposed on the
value of the following services sold in this State:

38 A. Extended cable television services;

40 B. Fabrication services;

42 C. Rental of video media and video equipment;

44 D. Rental of furniture, audio media and audio equipment
pursuant to a rental-purchase agreement as defined in Title
46 9-A, section 11-105;

48 E. Telecommunications services;

50 F. The installation, maintenance or repair of
telecommunications equipment; and

- 2 G. Private nonmedical institution services;
- 4 H. Personal appearance services;
- 6 I. Apparel services;
- 8 J. Business and legal services;
- 10 K. Amusement and recreation services;
- 12 L. Health services;
- 14 M. Education services;
- 16 N. Social and organization services;
- 18 O. Financial services;
- 20 P. Professional, scientific and technical services;
- 22 Q. Administrative and support services;
- 24 R. Information services;
- 26 S. Transportation and warehousing services;
- 28 T. Construction services; and
- 30 U. Management and enterprise services.

32 **Sec. 94. 36 MRSA §2557, sub-§1**, as enacted by PL 2003, c. 673,
Pt. V, §25 and affected by §29, is amended to read:

34 **1. Exemptions by constitutional provisions.** Sales that
36 this State is prohibited from taxing under the constitution or
laws of the United States or under the constitution of this
38 State; and

40 **Sec. 95. 36 MRSA §2557, sub-§§2 to 29**, as enacted by PL 2003,
c. 673, Pt. V, §25 and affected by §29, are repealed.

42 **Sec. 96. Revisor's review; cross-references.** The Revisor of
44 Statutes shall review the Maine Revised Statutes and include in
the errors and inconsistencies bill submitted to the Second
46 Regular Session of the 122nd Legislature pursuant to Title 1,
section 94 any sections necessary to correct and update any
48 cross-references in the statutes to provisions of law repealed in
this Act.

50

2

SUMMARY

4

This bill repeals exemptions, credits and refunds under the sales and use tax and the service provider tax and lowers the rate of those taxes from 5% to 2%.

6