

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1505

H.P. 989

House of Representatives, April 8, 2025

An Act to Phase out the Sales and Use Tax

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative RUDNICKI of Fairfield.
Cosponsored by Representatives: CAMPBELL of Orrington, QUINT of Hodgdon,
SWALLOW of Houlton, WHITE of Ellsworth.

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

Sec. 1. 36 MRSA §1811, sub-§3 is enacted to read:

3. Phase-out of sales tax; publication and update of rates. Notwithstanding any provision of law to the contrary, beginning January 1, 2026, and every 2 years thereafter, each rate of tax imposed pursuant to subsection 1 for each category of tangible personal property, products transferred electronically and taxable service is decreased by 1/2 percentage point until the rate of tax imposed for that category of tangible personal property, products transferred electronically or taxable service is 0%. The assessor, beginning December 1, 2025, and every 2 years thereafter, shall publish on the bureau's publicly accessible website the rate of tax to be imposed on each category of tangible personal property, products transferred electronically and taxable service taxed pursuant to subsection 1 that is in effect the January 1st following the publication. The assessor, concurrent with that publication, shall submit a bill to the joint standing committee of the Legislature having jurisdiction over taxation matters indicating the reduced rates pursuant to this subsection and any other changes necessitated by the reduction or elimination of the tax imposed pursuant to this section. The joint standing committee shall report out a bill making the necessary statutory changes.

SUMMARY

This bill phases out the tax imposed on the sale of tangible personal property, products transferred electronically and taxable services by reducing the tax rate by 1/2 of a percentage point every 2 years, beginning January 1, 2026, until the rate is 0% for each category of tangible personal property, products transferred electronically or taxable service subject to sales tax. Since use taxes are based on the sales tax rate, use tax rates will also be decreased a commensurate amount.

The bill also requires the State Tax Assessor, the month before a decrease is scheduled to take effect, to publish on the bureau's publicly accessible website the new rates and to submit a bill to the joint standing committee of the Legislature having jurisdiction over taxation matters making the statutory changes necessitated by the decreased rates.