

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1602

S.P. 639

In Senate, April 10, 2025

**An Act to Remove the Exemption from Sales and Use Tax for
Automobiles Purchased for Use as Rentals**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink, appearing to read "D M Grant", is positioned above the printed name of the Secretary of the Senate.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator TIPPING of Penobscot.

Cosponsored by Senator: TALBOT ROSS of Cumberland, Representatives: MATLACK of St. George, RANA of Bangor.

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

Sec. 1. 36 MRSA §1752, sub-§11, ¶A, as amended by PL 2007, c. 437, §10, is further amended by amending subparagraph (3) to read:

(3) A sale in the ordinary course of business by a retailer to a purchaser who is not engaged in selling that kind of tangible personal property or taxable service in the ordinary course of repeated and successive transactions of like character; and

Sec. 2. 36 MRSA §1752, sub-§11, ¶A, as amended by PL 2007, c. 437, §10, is further amended by amending subparagraph (4) to read:

(4) The sale or liquidation of a business or the sale of substantially all of the assets of a business, to the extent that the seller purchased the assets of the business for resale, lease or rental in the ordinary course of business, except when:

(a) The sale is to an affiliated entity and the transferee, or ultimate transferee in a series of transactions among affiliated entities, purchases the assets for resale, lease or rental in the ordinary course of business; or

(b) The sale is to a person that purchases the assets for resale, lease or rental in the ordinary course of business or that purchases the assets for transfer to an affiliate, directly or through a series of transactions among affiliated entities, for resale, lease or rental by the affiliate in the ordinary course of business.

For purposes of this subparagraph, "affiliate" or "affiliated" includes both direct and indirect affiliates; and

Sec. 3. 36 MRSA §1752, sub-§11, ¶A, as amended by PL 2007, c. 437, §10, is further amended by enacting a new subparagraph (5) to read:

(5) The sale, to a person engaged in the business of renting automobiles, of automobiles, integral parts of automobiles or accessories to automobiles for rental or for use in an automobile rented for a period of less than one year.

Sec. 4. Application. This Act applies to sales occurring on or after January 1, 2026.

SUMMARY

Under current law, the sale of an automobile to a person in the business of renting automobiles for a period of less than one year is not taxed; instead, the lease of the vehicle to a consumer is taxed at the rate of 10%.

This bill requires a person purchasing an automobile for the purpose of renting the automobile for less than one year to pay a sales and use tax of 5.5%. The lease of the vehicle to a consumer continues to be taxed at 10%.