

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1807

H.P. 1208

House of Representatives, April 29, 2025

**An Act to Expand the Sales Tax to Luxury Services and Adjust the
Sales Tax on Rental Cars**

Received by the Clerk of the House on April 25, 2025. Referred to the Committee on
Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

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

ROBERT B. HUNT
Clerk

Presented by Representative SKOLD of Portland.
Cosponsored by President DAUGHTRY of Cumberland and
Representatives: GOLEK of Harpswell, LOOKNER of Portland, MATLACK of St. George,
ROEDER of Bangor.

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

2 **Sec. 1. 36 MRSA §1752, sub-§17-B**, as amended by PL 2023, c. 643, Pt. H, §19
3 and affected by §29 and amended by c. 673, §19 and affected by §28, is repealed and the
4 following enacted in its place:

5 **17-B. Taxable service.** "Taxable service" means the:

6 A. Rental of living quarters in a hotel, rooming house or tourist or trailer camp;

7 B. Transmission and distribution of electricity;

8 C. Sale of an extended service contract on an automobile or truck that entitles the
9 purchaser to specific benefits in the service of the automobile or truck for a specific
10 duration;

11 D. Sale of prepaid calling service;

12 E. Charter of a private aircraft or helicopter;

13 F. Rental of a limousine or luxury car; and

14 G. Charter of watercraft in excess of 25 feet.

15 The department may adopt rules to implement this subsection. Rules adopted pursuant to
16 this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter
17 2-A.

18 **Sec. 2. 36 MRSA §1760, sub-§92**, as enacted by PL 2011, c. 209, §3 and affected
19 by §5, is repealed.

20 **Sec. 3. 36 MRSA §1811, sub-§1, ¶D**, as amended by PL 2023, c. 643, Pt. H, §23
21 and affected by §29 and amended by c. 673, §22 and affected by §28, is further amended
22 to read:

23 D. For sales occurring on or after October 1, 2019 and before January 1, 2026, the rate
24 of tax is 5.5% on the value of all tangible personal property and taxable services, except
25 the rate of tax is:

26 (1) Eight percent on the value of prepared food;

27 (2) Eight percent on the value of liquor sold in licensed establishments as defined
28 in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43
29 and liquor sold for on-premises consumption by a licensed brewery, small brewery,
30 winery, small winery, distillery or small distillery pursuant to Title 28-A, section
31 1355-A, subsection 2, paragraph B;

32 (3) Nine percent on the value of rental of living quarters in any hotel, rooming
33 house or tourist or trailer camp;

34 (4) Ten percent on the value of rental for a period of less than one year of:

35 (a) An automobile; or

36 (c) A loaner vehicle that is provided other than to a motor vehicle dealer's
37 service customers pursuant to a manufacturer's or dealer's warranty; and

38 (5) Ten percent on the value of adult use cannabis, adult use cannabis products
39 and, if sold by a person to an individual who is not a qualifying patient, cannabis

1 and cannabis products beginning on the first day of the calendar month in which
2 adult use cannabis and adult use cannabis products may be sold in the State by a
3 cannabis establishment licensed to conduct retail sales pursuant to Title 28-B,
4 chapter 1.

5 **Sec. 4. 36 MRSA §1811, sub-§1, ¶E** is enacted to read:

6 E. For sales occurring on or after January 1, 2026, the rate of tax is 5.5% on the value
7 of all tangible personal property and taxable services, except the rate of tax is:

8 (1) Eight percent on the value of prepared food;

9 (2) Eight percent on the value of liquor sold in licensed establishments as defined
10 in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43
11 and liquor sold for on-premises consumption by a licensed brewery, small brewery,
12 winery, small winery, distillery or small distillery pursuant to Title 28-A, section
13 1355-A, subsection 2, paragraph B;

14 (3) Nine percent on the value of rental of living quarters in any hotel, rooming
15 house or tourist or trailer camp;

16 (4) Fifteen percent on the value of an automobile rental for a period of less than
17 one year; and

18 (5) Ten percent on the value of adult use cannabis, adult use cannabis products and,
19 if sold by a person to an individual who is not a qualifying patient, cannabis and
20 cannabis products by a cannabis establishment licensed to conduct retail sales
21 pursuant to Title 28-B, chapter 1.

22 **Sec. 5. Application.** This Act applies to sales occurring on or after January 1, 2026.

23 SUMMARY

24 This bill increases the sales tax rate on short-term automobile rentals from 10% to 15%
25 and eliminates the exemption for short-term automobile rentals associated with car
26 dealership-initiated loaner vehicles. The bill also creates new categories of luxury services
27 subject to sales tax.