

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 725

H. P. 600

House of Representatives, March 3, 1977

On motion of Mr. Carey of Waterville, referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mrs. Chonko of Topsham.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

**AN ACT to Expedite the Collection of Sales Tax on the Rental of
Automobiles.**

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

Sec. 1. 36 MRSA § 1752, sub-§ 9-A is enacted to read:

9-A. Rental of automobile on short-term basis. "Rental of automobile on a short-term basis" means any self-propelled 4-wheel motor vehicle, not designed to run on tracks, designed primarily to carry passengers and which is rented for a rental period of less than one year.

Sec. 2. 36 MRSA § 1752, sub-§ 10, as amended by PL 1965, c. 362, § 1, is further amended to read:

10. Retailer. "Retailer" means every person engaged in the business of making sales at retail, renting any living quarters in any hotel, rooming house, tourist or trailer camp, renting automobiles on a short-term basis, or furnishing telephone or telegraph service, and every person required to register by section 1754 or registered under section 1756.

Sec. 3. 36 MRSA § 1752, sub-§ 11, 1st sentence, as amended by PL 1965, c. 362, § 2, is further amended to read:

"Retail sale" or "sale at retail" means any sale of tangible personal property, in the ordinary course of business, for consumption or use, or for any purpose other than for resale, except resale as a casual sale, in the form of tangible personal property, any rental of living quarters in any hotel, rooming house, tourist or trailer camp, any rental of automobiles on a short-term basis,

other than rental to a person engaged in the business of renting automobiles, and the sale of telephone or telegraph service.

Sec. 4. 36 MRSA § 1752, sub-§ 11, as last amended by PL 1975, c. 779, is further amended by inserting after the 5th sentence the following new sentence to read:

“Retail sale” and “sale at retail” do not include the sale, to a person engaged in the business of renting automobiles, of automobiles, or integral parts thereof or accessories thereto, for rental or for use in an automobile rented, on a short-term basis.

Sec. 5. 36 MRSA § 1754, sub-§ 7 is enacted to read:

7. Short-term rentals of automobiles. Every person engaged in the business of renting automobiles on a short-term basis.

Sec. 6. 36 MRSA § 1811, 1st sentence, as amended by PL 1969, c. 295, § 2, is further amended to read:

A tax is imposed at the rate of 5% on the value of all tangible personal property and telephone and telegraph service sold at retail in this State, and upon the rental charged for living quarters in hotels, rooming houses, tourist or trailer camps and the rental charged for automobiles rented on a short-term basis, other than a rental charged to a person engaged in the business of renting automobiles, measured by the sale price, except as in chapters 211 to 225 provided.

Sec. 7. 36 MRSA § 1952, 1st ¶, 1st sentence is amended to read:

The taxes imposed by chapters 211 to 225 shall be due and payable at the time of the sale; or, in the case of tax on rental for living quarters or rental of automobiles rented on a short-term basis, at the time the rental is payable.

STATEMENT OF FACT

The purpose of this bill is to provide an expeditious method of collecting tax on rental automobiles by substituting a tax on rentals for a tax on the purchase price of the vehicle. This will simplify the audit procedures for the enforcement of the law and the collection of the tax. It will also conform Maine law to the law of most other states and make more uniform the tax on interstate rentals of vehicles. It is estimated that the net revenue gain under this bill will be \$125,000 per year.