

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)



114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 568

S.P. 238

In Senate, March 6, 1989

Reference to the Committee on Business Legislation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator BALDACCI of Penobscot.

Cosponsored by Representative JACKSON of Harrison and Senator EMERSON of Penobscot.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-NINE

An Act to Amend the Law Relating to Automobile Leases.



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

3 **36 MRSA §1752, sub-§11**, as repealed and replaced by PL 1987,
c. 497, §22, is amended to read:

5
7 **11. Retail sale.** "Retail sale" means any sale of tangible
9 personal property, in the ordinary course of business, for
11 consumption or use, or for any purpose other than for resale,
13 except resale as a casual sale, in the form of tangible personal
15 property. "Retail sale" also means any sale of a taxable service
17 in the ordinary course of business for any purpose other than for
19 resale, except resale as a casual sale. "Retail sale" includes
21 conditional sales, installment lease sales and any other transfer
23 of tangible personal property when the title is retained as
25 security for the payment of the purchase price and is intended to
27 be transferred later. "Retail sale" includes sale of products
29 for internal human consumption to a person for resale through
31 coin-operated vending machines when sold to a retailer whose
33 gross receipts from the retail sale of tangible personal property
35 derived through sales from vending machines are more than 50% of
37 his gross receipts, which tax shall be paid by the retailer to
39 the State. "Retail sale" does not include any sale by a personal
41 representative in the settlement of an estate, unless the sale is
43 made through a retailer, or unless the sale is made in the
45 continuation or operation of a business; nor does the term
47 include any other casual sale. "Retail sale" does not include
49 the sale of tangible personal property which becomes an
51 ingredient or component part of, or which is consumed or
destroyed or loses its identity directly and primarily in the
production of, tangible personal property for later sale or
lease, other than lease for use in this State, but shall include
fuel and electricity, but shall not include electricity
separately metered and consumed in any electrolytic process for
the manufacture of tangible personal property for later sale, nor
any fuel oil or coal, the by-products from the burning of which
become an ingredient or component part of tangible personal
property for later sale. Tangible personal property is "consumed
or destroyed" or "loses its identity" in that production, if it
has a normal physical life expectancy of less than one year as a
usable item in the use to which it is applied. "Retail sale"
does not include the sale, or lease to a person engaged in the
business of renting automobiles, of automobiles, or integral
parts of automobiles or accessories to automobiles, for rental or
lease or for use in an automobile rented, ~~on a short-term basis~~
or leased. "Retail sale" does not include the sale of
containers, boxes, crates, bags, cores, twines, tapes, bindings,
wrappings, labels and other packing, packaging and shipping
materials when sold to persons for use in packing, packaging or
shipping tangible personal property sold by them or upon which
they have performed the service of cleaning, pressing, dyeing,
washing, repairing or reconditioning in their regular course of
business and which are transferred to the possession of the

1 purchaser of such tangible personal property. "Retail sale" does
2 not include the provision of meals or lodging to employees at
3 their place of employment when the value of those meals or that
4 lodging is allowed as a credit toward the wages of those
5 employees.

7

9

STATEMENT OF FACT

11 This bill amends the definition of retail sale to clarify
12 that consumers who lease vehicles will not have to pay the cost
13 of sales tax in the lease as an up front cost, but rather may pay
14 a use tax on a monthly basis through the effective life of the
15 lease. The current system is unfair in that it always makes the
16 consumer pay the full sales tax even when the lease is going to
17 be cancelled early and when the consumer never owns the vehicle.