

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 667

H.P. 486

House of Representatives, February 28, 1995

An Act to Permit the Equitable Taxation of Leased Equipment.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Speaker GWADOSKY of Fairfield.
Cosponsored by Senator HARRIMAN of Cumberland and
Representatives: DORE of Auburn, NADEAU of Saco, Senator: FERGUSON of Oxford.

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

4 **Sec. 1. 36 MRSA §1752, sub-§11, ¶B,** as amended by PL 1993, c.
6 670, §1 and c. 701, §2, is repealed and the following enacted in
8 its place:

10 **B. "Retail sale" does not include:**

12 **(1) Any casual sale;**

14 **(2) Any sale by a personal representative in the
16 settlement of an estate, unless the sale is made
18 through a retailer or unless the sale is made in the
20 continuation or operation of a business;**

22 **(3) The sale, to a person engaged in the business of
24 renting automobiles, of automobiles, integral parts of
26 automobiles or accessories to automobiles for rental or
28 for use in an automobile rented on a short-term basis;**

30 **(4) The sale, to a person engaged in the business of
32 renting video tapes and video equipment, of video tapes
34 or video equipment for rental;**

36 **(5) The sale, to a person engaged in the business of
38 renting or leasing automobiles, of automobiles for
40 rental or lease for more than one year; or**

42 **(6) Any sale to a person engaged in the business of
44 renting or leasing any other tangible personal property.**

46 **Sec. 2. 36 MRSA §1752, sub-§17-A, ¶G,** as amended by PL 1993,
48 c. 701, §4, is further amended to read:

G. Rental of video tapes and video equipment; and

36 **Sec. 3. 36 MRSA §1752, sub-§17-A, ¶H,** as enacted by PL 1993,
38 c. 701, §5, is amended to read:

40 H. Rental or lease of an automobile for more than one
42 year; and

44 **Sec. 4. 36 MRSA §1752, sub-§17-A, ¶I** is enacted to read:

46 **I. Rental or lease of any other tangible personal property.**

48 **Sec. 5. 36 MRSA §1811,** as amended by PL 1993, c. 701, §§6 and
7, is further amended by adding at the end a new paragraph to
read:

2 Rental or lease of tangible personal property must be taxed
3 at the time of the lease or rental transaction at 6% of the
4 following: the total monthly lease payment multiplied by the
5 number of payments in the lease or rental, the amount of equity
6 involved in any trade-in and the value of any cash down payment.

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STATEMENT OF FACT

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 This bill changes the way tangible personal property is
13 taxed. Currently, a lessor is charged a sales or use tax on the
14 entire value of the property. This bill eliminates that tax and
15 replaces it with a tax based on the lease itself with the tax to
16 be paid in full at the inception of the lease.