

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1410

S.P. 471

In Senate, February 18, 1999

An Act Clarifying the Tax Treatment of Prepaid Calling Arrangements.

Reference to the Committee on Taxation 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 CAREY of Kennebec.

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

2
4 **Sec. 1. 36 MRSA §1752, sub-§7-D** is enacted to read:

6 7-D. Prepaid calling arrangement. "Prepaid calling
8 arrangement" means the purchase exclusively of telecommunications
10 services that must be paid for in advance and that enables the
12 origination of calls using an access number or authorization
14 code, whether manually or electronically dialed. The sale of
16 these services or of additional services is deemed a sale within
18 the State if the transfer for consideration takes place at the
20 vendor's place of business in the State. If the sale of a
 prepaid telephone calling arrangement or of additional services
 does not take place at the vendor's place of business, the sale
 must be conclusively determined to take place at the customer's
 shipping address or, if there is no item shipped, at the
 customer's billing address or the location associated with the
 customer's mobile telephone number. The sale of these services
 is deemed to occur on the date of transfer for consideration of
 these services.

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

26 G. Rental of video tapes and video equipment; and

28 **Sec. 3. 36 MRSA §1752, sub-§17-A, ¶H**, as amended by PL 1995,
 c. 281, §14 and affected by §42, is further amended to read:

30 H. Rental or lease of an automobile; and

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

34 I. Prepaid calling arrangement.

36 **Sec. 5. 36 MRSA §1752, sub-§18-A**, as amended by PL 1997, c.
38 668, §22, is further amended to read:

40 **18-A. Telephone or telegraph service.** "Telephone or
42 telegraph service" means all telecommunications or telegraph
44 service, including installation or use of telecommunication or
46 telegraphic equipment, but not including telecommunications or
48 telegraph service originating or terminating outside this State.
50 "Telecommunications or telegraphic equipment" means any 2-way
 interactive communications device, system or process for
 transmitting or receiving signals and capable of exchanging
 audio, database or textual information. "Telecommunications
 service" does not include access services provided by a local
 exchange carrier to an interstate or intrastate interexchange
 carrier. "Telephone or telegraph service" does not include

2 directory advertising service. "Telephone or telegraph service"
4 also does not include a prepaid calling arrangement. This
subsubsection applies to leases entered into prior to October 1,
1996.

6 **Sec. 6. 36 MRSA §1752, sub-§18-B,** as amended by PL 1997, c.
668, §23, is further amended to read:

8
10 **18-B. Telephone or telegraph service.** "Telephone or
12 telegraph service" means all telecommunications or telegraph
14 service, including installation of telecommunication or
16 telegraphic equipment, but not including telecommunications or
18 telegraph service originating or terminating outside this State.
"Telecommunications and telegraph equipment" means any 2-way
interactive communications device, system or process for
transmitting or receiving signals and capable of exchanging
audio, database or textual information. "Telecommunications and
telegraph equipment" does not include computers, except those
components of a computer used primarily and directly as a 2-way
interactive communications device capable of exchanging audio,
database or textual information. "Telephone or telegraph
service" does not include directory advertising service.
24 "Telephone or telegraph service" also does not include a prepaid
calling arrangement. This subsection applies to leases entered
into on or after October 1, 1996.

30 SUMMARY

32 This bill clarifies when prepaid telephone call arrangements
34 are subject to sales and use tax. This service is subject to
these taxes only when the prepaid service is purchased at a
vendor located in this State or when the purchaser's shipping or
billing address is in this State.