

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 818

H.P. 618

House of Representatives, February 15, 2001

An Act to Exempt from the Sales Tax the Deposit on Automotive Cores.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative MCKENNEY of Cumberland.
Cosponsored by Senator DAVIS of Piscataquis and
Representatives: BUCK of Yarmouth, CHIZMAR of Lisbon, CLOUGH of Scarborough,
COLLINS of Wells, NASS of Acton, WHEELER of Eliot.

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

4 **Sec. 1. 36 MRSA §1760, sub-§84** is enacted to read:

6 84. Deposits on automotive cores. An amount held by a
8 retailer for the return of an automotive core. The amount held
10 by the retailer is considered a deposit for purposes of this
12 subsection. For purposes of this subsection, "automotive core"
14 means a component of a part of an automobile that, when returned
16 to a retailer of automobile parts, may be refurbished and reused
18 for the same purpose.

14 SUMMARY

16 Currently, a person purchasing an automobile part, such as a
18 battery or starter, pays the purchase price plus an amount held
20 by the retailer for the return of the core of that automobile
22 part. The amount held to ensure the return is taxed under
24 current law because it is considered a trade-in and not a
deposit, so that when the person returns the automotive core, the
amount is returned, less the sales tax levied on the amount held
by the retailer.

26 This bill exempts from the sales tax the amount held by the
28 retailer for the return of the automotive core and specifically
requires the amount to be treated as a deposit, thus exempt from
the sales tax.