

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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Legislative Document

No. 1207

H.P. 881

House of Representatives, March 6, 2003

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**An Act To Amend the Sales and Use Tax Law Regarding the Food  
Service and Lodging Industries**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative COWGER of Hallowell.  
Cosponsored by Senator HALL of Lincoln and  
Representatives: ANDREWS of York, HONEY of Boothbay, KOFFMAN of Bar Harbor,  
LERMAN of Augusta, McCORMICK of West Gardiner, SUSLOVIC of Portland, Senators:  
MAYO of Sagadahoc, NASS of York.



2 or equipment in production commences before or after the  
3 sale and leaseback transaction occurs; and

4 **Sec. 3. 36 MRSA §1760, sub-§74.** as enacted by PL 1989, c. 871,  
5 §15, is amended to read:

6 **74. Property used in production.** Sales of tangible  
7 personal property, other than fuel or electricity, that becomes  
8 an ingredient or component part of, or that is consumed or  
9 destroyed or loses its identity directly and primarily in either  
10 the production of tangible personal property for later sale or  
11 lease, other than lease for use in this State, or the production  
12 of tangible personal property pursuant to a contract with the  
13 United States Government or any agency of the United States  
14 Government. Tangible personal property is "consumed or  
15 destroyed" or "loses its identity" in that production if it has a  
16 normal physical life expectancy of less than one year as a usable  
17 item in the use to which it is applied. Sales of tangible  
18 personal property used in the production of prepared food or used  
19 in the operation of a hotel or rooming house are exempt under  
20 this subsection.

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## 23 SUMMARY

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25 Under current law, the sale of items to be used in the  
26 production of tangible personal property is not subject to the  
27 sales tax. The purpose of this bill is to extend that treatment  
28 to the food service industry and lodging industry. This bill  
29 exempts sales of tangible personal property used in the  
30 production of prepared food or used in the operation of a hotel  
31 or rooming house from the sales tax. It also exempts sales of  
32 machinery and equipment used in the production of prepared food  
33 or used in the operation of a hotel or rooming house from the  
34 sales tax. These exemptions parallel existing exemptions for  
35 property used in production and machinery and equipment,  
36 respectively.

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