

MAINE STATE LEGISLATURE

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DMG
R. of S.

L.D. 611

Date: 5-18-11

(Filing No. S-126)

TAXATION

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STATE OF MAINE

SENATE

125TH LEGISLATURE

FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 191, L.D. 611, Bill, "An Act Relating to Sales Tax on Certain Rental Vehicles"

Amend the bill in section 1 in paragraph B by striking out all of subparagraph (3) (page 1, lines 9 to 15 in L.D.) and inserting the following:

(3) The sale, to a person engaged in the business of renting automobiles, of automobiles, integral parts of automobiles or accessories to automobiles, for rental or for use in an automobile rented ~~on a short term basis~~ for a period of less than one year. For the purposes of this subparagraph, "automobile" includes a pickup truck or van with a gross vehicle weight of less than 26,000 pounds;

Amend the bill by striking out all of section 3 and inserting the following:

'Sec. 3. 36 MRSA §1760, sub-§92 is enacted to read:

92. Certain vehicle rentals. The rental for a period of less than one year of an automobile when the rental is to the service customer of a new vehicle dealer, as defined in Title 29-A, section 851, subsection 9, pursuant to a manufacturer's or new vehicle dealer's warranty and the rental fee is paid by that new vehicle dealer or warrantor.'

Amend the bill in section 4 in §1811 in the 3rd indented paragraph in the first to 3rd lines (page 3, lines 14 to 16 in L.D.) by striking out all of the following: "or of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged in the business of renting automobiles."

Amend the bill by inserting after section 4 the following:

'Sec. 5. Application. This Act applies to transactions entered into on or after October 1, 2011.'

SUMMARY

This amendment clarifies the proposed exclusion from sales and use tax for pickup trucks and vans purchased for short-term rental and the exemption for the rental of certain

1 vehicles to the service customer of a new vehicle dealer pursuant to a warranty. It deletes
2 language that would have changed how long-term rentals of pickup trucks and vans are
3 taxed and provides that the changes apply to transactions entered into on or after October
4 1, 2011.

5 **FISCAL NOTE REQUIRED**

6 (See attached)



125th MAINE LEGISLATURE

LD 611

LR 203(02)

An Act Relating to Sales Tax on Certain Rental Vehicles

Fiscal Note for Bill as Amended by Committee Amendment "A" S-126

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
Net Cost (Savings)				
General Fund	(\$62,700)	(\$34,485)	(\$31,843)	(\$32,162)
Revenue				
General Fund	\$62,700	\$34,485	\$31,843	\$32,162
Other Special Revenue Funds	\$3,300	\$3,465	\$3,500	\$3,535
State Transit, Aviation and Rail Transportation Fund	\$0	\$31,350	\$34,650	\$34,997

Fiscal Detail and Notes

Expanding the scope of the 10% sales and use tax on the short-term rental of automobiles to include the short-term rental of pick-up trucks and vans will increase General Fund revenue and revenue sharing starting in fiscal year 2011-12 and will also increase revenue to the State Transit, Aviation and Rail Transportation (STAR) Fund starting in fiscal year 2012-13. There is no revenue loss associated with exempting the sale of pick-up trucks and vans purchased for short-term rental from the sales and use tax since no such purchases are currently occurring in Maine.