



# MAINE REVENUE SERVICES

(Formerly the Maine Bureau of Taxation)

## SALES/EXCISE TAX DIVISION

### GENERAL INFORMATION BULLETIN

September 1, 1998

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NO. 88

*This bulletin contains important information about recent developments and issues that affect everyone who pays Maine sales and use taxes. Please read it carefully.*

### SALES TAX RATE DECREASES

Since 1993, there has been a provision in the sales tax law to provide a ½% reduction in the sales and use tax rate if general fund revenue rose by more than 8% over the prior year. Fiscal year ending June 30, 1998 did just that.

**The 6% sales tax rate decreases to 5.5% effective October 1, 1998.  
No reduction has been made to the 7% rate nor the 10% rate.**

This reduction affects sales occurring on or after October 1, 1998. Sales occurring around the effective date will be subject to the reduced rate if the invoice date is on or after October 1 unless proof can be made that the customer took final delivery on or after October 1. Charges for utility services such as water, electricity, telephone and cable services will be subject to the reduced rate if billed on or after October 1.

#### APPLYING 5.5% RATE

Where the tax to be paid includes a fraction of one cent, the fraction is not required to be paid where it is less than one-half cent. A full cent, however, must be paid where the fraction is one-half cent or more.

Examples: A \$34.99 sale at 5.5% is \$1.92445 would round down for a tax due of \$1.92.  
A \$31.58 sale at 5.5% is \$1.7369 would round up for a tax due of \$1.74.

#### SALES OF LESS THAN \$1.00

For sales of less than \$1.00, the following schedule is applicable. This schedule guarantees that the retailer collects enough tax to cover the liability due for the month.

Sale Price		Tax
From	To	
\$0.00	\$0.09	\$0.00
\$0.10	\$0.18	\$0.01
\$0.19	\$0.36	\$0.02
\$0.37	\$0.54	\$0.03
\$0.55	\$0.72	\$0.04
\$0.73	\$0.90	\$0.05
\$0.91	\$0.99	\$0.06

#### SALES AND USE TAX SYMPOSIUMS

##### Dates & Locations:

October 6 Caribou Inn and Convention Center  
October 7 Bangor, Ramada Inn, Exit 45B, I-95  
October 13 & 15 Portland, Doubletree Hotel,  
1230 Congress Street  
December 2 & 3 Augusta Civic Center

Detailed information about these symposiums were sent out in June. This is a reminder that registrations are due by September 4. (Augusta sessions are due by November 2.)

**Get your registrations in early.**

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**AMBULANCE AND FIRE DEPARTMENT  
EXEMPTION AMENDED**

Effective July 1, 1998, all nonprofit ambulance services and nonprofit fire departments are exempt. Previously, the exemption only applied to those ambulance services and fire departments which were entirely volunteer.

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**TRAC LEASES**

In our last bulletin, we informed you that legislation would be introduced to amend the detrimental tax impact a prior legislative change would have made to TRAC leases. Such legislation was passed resulting in the continued treatment of a TRAC lease as a sale and not a lease for sales/use tax purposes.

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**EXEMPTION FOR ALTERNATIVE FUEL  
VEHICLES**

A partial exemption for clean fuel vehicles was enacted effective July 9, 1998. "Clean fuel vehicles" are those propelled by fuels other than conventional gasoline, reformulated gasoline or diesel.

This partial exemption applies to that portion of the sales price which exceeds the price of an identical vehicle powered by gasoline. This exemption only lasts until January 1, 2006.

**SALES OF WATERCRAFT TO NONRESIDENTS**

Sales to nonresidents of watercraft for immediate removal from Maine has been exempt from sales tax but prior law stated that if the watercraft returned to Maine for more than 30 days during the next 12 months, the exemption was void and the transaction became taxable.

This exemption was amended effective April 2, 1998 to allow watercraft to be present in Maine for temporary storage without jeopardizing the exemption. As a result, watercraft can be present in Maine for purposes such as repairs or winter storage and not be subject to tax even though its presence may exceed 30 days.

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**HAY EXEMPTION EXPANDED**

The exemption for hay and organic bedding materials for farm animals was amended to exempt **all** hay from sales and use tax.

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Additional information about these and other issues you may have, should be directed to:

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