



MAINE REVENUE SERVICES SALES, FUEL & SPECIAL TAX DIVISION GENERAL INFORMATION BULLETIN

December 01, 2023

NO. 113

This bulletin contains important information about legislation enacted during the First Regular and Special Sessions of the 131st Legislature and other recent developments that affect everyone who reports Maine sales, use, service provider, and other special taxes. **Please read it carefully.** The changes contain a variety of effective dates and apply to sales occurring on or after the applicable effective date.

What you will find in this publication:

SALES AND USE TAX

- ❖ **Collection of Recycling Assistance Fee by Marketplace Facilitators**
- ❖ **Pine Tree Development Zone Extension**

SERVICE PROVIDER TAX

- ❖ **Repealed: Service Provider Tax Medical Provisions**
- ❖ **Amended Exemption: Nonprofit Housing Development Organization**

HOSPITAL TAX; HOSPITAL'S TAXABLE YEAR

MODERNIZATION OF BEVERAGE CONTAINER REDEMPTION PROGRAM

TOBACCO PRODUCTS TAX

- ❖ **Technical Changes to Tobacco Products Tax**
- ❖ **Remote Retail Sellers of Premium Cigars**

ADDITIONAL RESOURCES

Maine Revenue Services	www.maine.gov/revenue
Laws and Rules	www.maine.gov/revenue/rules/homepage.html
Sales Tax Website	www.maine.gov/revenue/taxes/sales-use-service-provider-tax

For general assistance, call (207) 624-9693, 9 AM to Noon, Monday through Friday (state holidays excepted), or email sales.tax@maine.gov.

Sales and Use Tax



COLLECTION OF RECYCLING ASSISTANCE FEE

36 M.R.S. § 1951-C(1)

EFFECTIVE OCTOBER 25, 2023

For sales occurring on or after October 25, 2023, marketplace facilitators are required to collect and remit the recycling assistance fees imposed on sales of new tires and new lead-acid batteries that the marketplace facilitators facilitate on or through its marketplace on behalf of marketplace sellers. Marketplace facilitators are already required to collect the recycling assistance fee on any sales of new tires and new lead-acid batteries made directly by the marketplace facilitators on or through its marketplace. **(P.L. 2023, c. 441)**



PINE TREE DEVELOPMENT ZONE

36 M.R.S. §§ 1760(87), 2016(4)(A)

EFFECTIVE OCTOBER 25, 2023

The Pine Tree Development Zone (PTDZ) program has been extended. Certification of new businesses will continue through December 31, 2024, and qualified PTDZ businesses will be able to receive certain PTDZ benefits through December 31, 2034. PTDZ benefits include an exemption from sales and use tax for purchases of tangible personal property and the transmission and distribution of electricity used in a qualified business activity. **(P.L. 2023, c. 412)**

Service Provider Tax



REPEAL OF SERVICE PROVIDER TAX ON MEDICAL SERVICES

36 M.R.S. § 2552(1)

EFFECTIVE JANUARY 1, 2025

For sales occurring on or after January 1, 2025, the Service Provider Tax (“SPT”) is repealed on sales of the following services: (1) private nonmedical institution services; (2) community support services for persons with mental health diagnoses; (3) community support services for persons with intellectual disabilities or autism; (4) home support services; and (5) group residential services for persons with brain injuries. **(P.L. 2023, c. 412)**



AMENDED EXEMPTION
SALES TO NONPROFIT HOUSING DEVELOPMENT ORGANIZATIONS
36 M.R.S. § 2557(27)
EFFECTIVE OCTOBER 25, 2023

For sales occurring on or after October 25, 2023, the SPT exemption for sales to nonprofit organizations whose primary purpose is to develop housing for low-income people was amended to define “low-income.” For the purposes of this exemption, “low-income” means “having income that is less than 120% of the median income for the area, adjusted for family size, as established by the United States Department of Housing and Urban Development or its successor organization.” (P.L. 2023, c. 441)

Hospital Tax



HOSPITAL'S TAXABLE YEAR
36 M.R.S. § 2892
EFFECTIVE OCTOBER 25, 2023

For state fiscal years beginning on or after July 1, 2021, but before July 1, 2024, a hospital’s taxable year is the hospital’s fiscal year that ended during the calendar year 2018. In addition, for state fiscal years beginning on or after July 1, 2024, a hospital’s taxable year is the hospital’s fiscal year that ended during the calendar year 2020. (P.L. 2023, c. 412)

Initiator of Deposit Fee



INITIATORS OF DEPOSIT; COMMINGLING AGREEMENTS
38 M.R.S. § 3108
EFFECTIVE OCTOBER 15, 2024

Maine’s Beverage Container Redemption Program underwent significant reforms and modernization with the enactment of L.D. 1909. No later than October 15, 2024, all initiators of deposit (“IODs”) are required to enter into a commingling agreement or be managed by a commingling cooperative. IODs that are members of commingling agreements or are managed by a commingling cooperative are not required to report abandoned deposits to MRS via their IOD returns; as of October 15, 2024, MRS will no longer administer the IOD fee. IODs should refer to guidance published by the Maine Department of Environmental Protection for further information on other changes to the Beverage Container Redemption Program in the coming months. (P.L. 2023, c. 482)

Tobacco Products Tax



TECHNICAL CHANGES TO TOBACCO PRODUCTS TAX

36 M.R.S. §§ 4401-4403-A

EFFECTIVE JANUARY 1, 2024

Effective for sales of tobacco products occurring on or after January 1, 2024, the Tobacco Products Tax laws had numerous technical changes made to ensure clarity and consistency regarding the imposition of the tax, including:

- The definition of “distributor” and the section regarding returns and payment of the tax were both repealed and replaced for clarity.
- Definitions of “consumer” and “premium cigar” were enacted.
- Exemptions and exclusions from the Tobacco Products Tax were moved into their own, new section of Title 36 of the Maine Revised Statutes, 36 M.R.S. § 4403-A.
- The definition of “cost price” was enacted. Beginning January 1, 2024, the Tobacco Products Tax on other tobacco products, including electronic smoking devices, is imposed at the rate of 43% of the cost price. “Cost price” means:
 - In the case of a manufacturer of tobacco products, the price set for those tobacco products or the wholesale value of those products;
 - In the case of a distributor or consumer of tobacco products, the price at which the distributor or consumer purchases tobacco products before the allowance of any discount, trade allowance, rebate, or other reduction; or
 - In the case of a remote retail seller of tobacco products, either (1) the actual price paid for an item identified using a stock keeping unit, or (2) if the actual price paid for an item is not available, the average of the actual price paid for the item over the 12 calendar months before January 1st of the year in which the remote retail sale occurs.

These changes apply to tobacco products brought into Maine or manufactured or fabricated in Maine on or after January 1, 2024. **(P.L. 2023, c. 441)**



REMOTE RETAIL SELLERS OF PREMIUM CIGARS

36 M.R.S. §§ 4401-4403

EFFECTIVE JANUARY 1, 2024

Beginning January 1, 2024, remote retail sellers making remote retail sales of premium cigars are required to report and remit the Tobacco Products Tax due on the premium cigars sold to consumers in Maine if either (1) the remote retail seller’s gross sales of tangible personal property or taxable services into Maine in the previous calendar year or current calendar year exceeds

\$100,000, or (2) the remote retail seller made sales of tangible personal property or taxable services for delivery into Maine in at least 200 separate transactions in the previous calendar year or current calendar year. A “remote retail sale” is any sale into Maine of premium cigars to a consumer when either:

- The consumer submits the order for the sale by means of a telephone or other voice transmission, United States mail or the Internet or other online service, or the remote retail seller is otherwise not in the physical presence of the buyer when the request for purchase or order is made; or
- The premium cigars are delivered to the buyer by common carrier, private delivery service, or other method of remote delivery; or the remote seller is not in the physical presence of the buyer when the buyer obtains possession of the cigars.

(P.L. 2023, c. 441)