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

October 17, 2025 **NO. 115**

This bulletin contains important information about legislation enacted during the First Regular and Special Sessions of the 132nd 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 dates.

What you will find in this publication:

Sales, Use and Service Provider Tax

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SERVICE PROVIDER TAX REPEALED; TAXABLE SERVICES AND RELATED PROVISIONS RELOCATED TO SALES AND USE TAX
36 M.R.S. §§ 182, 191, 1752, 1760, 1819, 2551–2560
EFFECTIVE JANUARY 1, 2026

Effective January 1, 2026, the Service Provider Tax ("SPT") is repealed. Sales of services formerly subject to SPT will be subject to the Sales and Use Tax at the rate of 5.5%, and include: (1) cable and satellite television or radio services; (2) fabrication services; (3) telecommunications services; (4) the installation, maintenance or repair of telecommunications equipment; (5) ancillary services, which are services related to telecommunications services; (6) the rental of video media and video equipment; and (7) the rental of furniture, audio media and audio equipment pursuant to a rental-purchase agreement. The two rental services listed will be subject to sales tax as leases or rentals of tangible personal property. The law moves the definitions, exemptions, and sourcing provisions for these services from the SPT to the Sales and Use Tax.

Providers of these services will continue to file and remit SPT returns through the period ending December 31, 2025, due January 15, 2026. Providers currently registered under the SPT will need to be registered for Sales and Use Tax for the return period beginning January 1, 2026. Sales of the above-named services occurring on or after January 1, 2026, will be reported on the Sales Tax Return line for sales of tangible personal property and taxable services subject to 5.5% tax. Additional notice and guidance will be issued to affected retailers in advance of the effective date. **(P.L. 2025, c. 388, Pt. G)**

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DIGITAL AUDIOVISUAL AND DIGITAL AUDIO SERVICES TO BE SUBJECT TO SALES TAX
36 M.R.S. §§ 1752(1-P) – (1-R), (17-B)
EFFECTIVE JANUARY 1, 2026

This law enacts definitions for "digital audiovisual and digital audio services," "digital audiovisual works," and "digital audio works," effective January 1, 2026. The sale of "digital audiovisual and digital audio services" on or after January 1, 2026, is subject to sales tax at the rate of 5.5% as a taxable service.

"Digital audiovisual and digital audio services" is defined as "the electronic transfer of digital audiovisual works and digital audio works to an end user with the right of less than permanent use granted by the seller, including when conditioned upon continued payment from the purchaser or

a subscription." For purposes of this definition, "transfer electronically" or "electronic transfer" means "obtainment by the purchaser by means other than tangible storage media."

"Digital audiovisual works" means "a series of related images that, when shown in succession, impart an impression of motion, together with accompanying sounds, if any." "Digital audio works" means "works that result from the fixation of a series of musical, spoken or other sounds, including ringtones."

Sales of digital audiovisual and audio services occurring on or after January 1, 2026, will be reported on the Sales Tax Return line for sales of tangible personal property and taxable services subject to 5.5% tax. **(P.L. 2025, c. 388, Pt. G)**

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SALES TAX RATE INCREASED FOR SALES OF ADULT USE CANNABIS AND CANNABIS PRODUCTS

36 M.R.S. § 1811(1)(D)(5)
EFFECTIVE JANUARY 1, 2026

On or after January 1, 2026, sales of adult use cannabis and adult use cannabis products, or of cannabis and cannabis products sold to someone other than a qualifying patient, will be subject to the tax at the rate of 14%. **(P.L. 2025, c. 388, Pt. F)**

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NEW SALES TAX EXEMPTIONS FOR SALES OF DURABLE MEDICAL EQUIPMENT, BREAST PUMPS, AND MOBILITY-ENHANCING EQUIPMENT

36 M.R.S. §§ 1752(1-L), (2-G), (6-K), 1760(116) – (117)
EFFECTIVE JANUARY 1, 2026

Beginning January 1, 2026, the sale of durable medical equipment or breast pumps for home use, and mobility-enhancing equipment for home use or use in a motor vehicle, is exempt from sales tax. The terms "durable medical equipment" and "mobility-enhancing equipment" are mutually exclusive.

"Durable medical equipment" means "equipment, including repair and replacement parts for such equipment, that: (A) can withstand repeated use; (B) is primarily and customarily used to serve a medical purpose; (C) generally is not useful to a person in the absence of illness or injury; and (D) is not worn in or on the body."

"Mobility-enhancing equipment" means "equipment, including repair and replacement parts for such equipment, that: (A) is primarily and customarily used to provide or increase the ability to

move from one place to another and that is appropriate for use either in a home or a motor vehicle; (B) is not generally used by persons with normal mobility; and (C) does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer."

"Breast pump" means "an electronically or manually controlled pump device used to express milk from a human breast during lactation, including any external power supply unit packaged and sold with the pump device at the time of sale to power the pump device," and includes breast pump replacement parts, breast pump collection and storage supplies, and breast pump kits. For the purposes of this definition, "breast pump collection and storage supplies" means "tangible personal property to be used in conjunction with a breast pump to collect milk expressed from a human breast and to store collected milk until it is ready for consumption." **(P.L. 2025, c. 388, Pt. G)**

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TRIBAL RELATED PROVISIONS AMENDED TO INCLUDE THE MI'KMAQ NATION

36 M.R.S. §§ 111, 194-E, 1760(112)–(114), 1815

EFFECTIVE JANUARY 1, 2026

Effective January 1, 2026, the sales tax exemptions and related statutory provisions for certain tribes, tribal members, and tribal entities, including the transfer to tribes of sales tax revenue attributable to sales occurring on tribal land, are expanded to include the Mi'kmaq Nation.

Additionally, the exemptions for sales sourced to tribal land were subject to a minor but substantive change related to the recent lease stream reform. The exemption sourcing requirements for the lease and the purchase of a motor vehicle are equalized, meaning the purchase of a motor vehicle may also be "sourced to tribal land [and therefore exempt] if the vehicle is intended to be driven or transported to tribal land immediately upon receipt of the vehicle." The related affidavits (ST-A-129, ST-A-130, ST-A-131, and ST-A-132) will be updated prior to the effective date of the legislative change. **(P.L. 2025, c. 470, Pts. B–D; P.L. 2025, c. 271, Pt. B)**

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NEW COMMERCIAL PRODUCTION ACTIVITY: COMMERCIAL MINING

36 M.R.S. § 2013

EFFECTIVE JANUARY 1, 2026

Beginning January 1, 2026, the refund and exemption for depreciable machinery and equipment used directly and primarily in qualifying commercial production is expanded to include commercial mining. "Commercial mining" is defined to mean the "commercial extraction or removal of metallic minerals or overburden or the preparation, washing, cleaning or other

treatment of metallic minerals and includes the bulk sampling, advanced exploration, extraction or beneficiation of metallic minerals within a mining area." **(P.L. 2025, c. 469)**

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TAX ON CERTAIN CASUAL SALES AND CORRESPONDING SAFE HARBOR EXPANDED TO CERTAIN CASUAL RENTALS
36 M.R.S. § 1764
EFFECTIVE JANUARY 1, 2026

Effective January 1, 2026, the safe harbor in the "Tax Against Certain Casual Sales," for certain casual rentals for fewer than 15 days, is expanded. Otherwise-taxable casual rentals of trailers, truck campers, motor vehicles, special mobile equipment, watercraft, and aircraft are not subject to tax if: (1) no more than one item in each category is rented; and (2) no item in each category is rented for more than 14 days in a calendar year. **(P.L. 2025, c. 271, Pt. B)**

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EXEMPTION FOR WATERCRAFT SOLD TO OR USED BY NONRESIDENTS DOES NOT APPLY TO THE LEASE OR RENTAL OF A WATERCRAFT
36 M.R.S. § 1760(25)
EFFECTIVE JANUARY 1, 2026

Beginning January 1, 2026, the sales tax exemption for a watercraft, or materials used in a watercraft, sold to or used by a person that is not a resident of this State does not apply to the lease or rental of a watercraft. This change was made because the lease or rental of a watercraft is sourced under 36 M.R.S. § 1819(3), meaning if a nonresident leases a watercraft in Maine but transports it outside the State, each subsequent lease or rental payment is not subject to Maine tax if the primary property location during the time period covered by the payment is outside the State of Maine. In the case of a short-term rental of a watercraft located in Maine, residents and nonresidents will be subject to the same rate of tax. **(P.L. 2025, c. 271, Pt. B)**

Hospital Tax

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HOSPITAL TAX RATE CHANGE; NEW DEFINITIONS
36 M.R.S. §§ 2891, 2891-A, 2892, 2893(2-A)(B) - EFFECTIVE JUNE 20, 2025
36 M.R.S. §§ 2892, 2893(C) - RETROACTIVE TO JANUARY 1, 2025

Beginning June 20, 2025, definitions were enacted for "acute care hospital," "critical access hospital," "psychiatric hospital," and "rehabilitation hospital," and references to publicly owned

"specialty hospitals" were removed. Retroactive to January 1, 2025, the tax for psychiatric hospitals, excluding Riverview and Dorothea Dix Psychiatric Centers, is equal to 3.25%. **(P.L. 2025, c. 2, Pt. II; P.L. 2025, c. 388, Pt. II)**

Cigarette Tax

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CIGARETTE TAX RATE INCREASED; FLOOR STOCK INVENTORY TAX

36 M.R.S. §§ 4365, 4365-F, 4365-G
EFFECTIVE JANUARY 5, 2026

The cigarette tax rate will increase from $2.00 per 20-stick pack to $3.50 per 20-stick pack, effective January 5, 2026. Any retailer with an inventory of cigarettes will be required to report to MRS the inventory on the morning of January 5, 2026, and pay the additional $1.50 tax, otherwise known as a floor stock inventory tax. The floor stock inventory tax will be reportable and payable through the Maine Tax Portal. Informational notices will be sent to all retailers holding a license from the Department of Health and Human Services to sell cigarettes and other tobacco products in advance of the effective date of the change. **(P.L. 2025, c. 388, Pt. E)**

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CIGARETTE TAX STAMP DISCOUNT RATE REDUCED, THEN REPEALED

36 M.R.S. § 4366-A(2)
EFFECTIVE JANUARY 5, 2026 – P.L. 2025, c. 388, Pt. E
EFFECTIVE APRIL 1, 2026 – P.L. 2025, c. 493

Beginning January 5, 2026, the discount rate for cigarette tax stamps purchased by distributors is reduced from 1.15% to 0.66%, and fully repealed on April 1, 2026. **(P.L. 2025, c. 388, Pt. E; P.L. 2025, c. 493)**

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CIGARETTE TAX PENALTIES INCREASED; VENDING MACHINE AND PHARMACY SALES PROHIBITED

22 M.R.S. § 1551-A(1) AND 36 M.R.S. §§ 4362-A(4), 4365-F(2) – (3)
EFFECTIVE JANUARY 5, 2026 – P.L. 2025, c. 367
22 M.R.S. § 1551-A(6) – EFFECTIVE APRIL 1, 2026 – P.L. 2025, c. 493

Beginning January 5, 2026, the penalties for cigarette tax licensing violations are increased, and the sale of cigarettes or tobacco products in a vending machine is prohibited. Beginning April 1, 2026, the sale of cigarettes or tobacco products by a pharmacy or retail location containing a pharmacy is prohibited. **(P.L. 2025, c. 367; P.L. 2025, c. 493)**

Tobacco Products Tax

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TOBACCO PRODUCTS TAX RATES INCREASED
36 M.R.S. § 4403
EFFECTIVE JANUARY 5, 2026

For sales or distributions of tobacco products on and after January 5, 2026, the tobacco products tax rates are increased by an amount equivalent to the cigarette tax rate increase. The smokeless tobacco rate is increased from $2.02 to $3.54 per package or prorated ounce, and the rate on other tobacco products is increased from 43% to 75% of cost price. There is no floor stock inventory tax requirement for tobacco products in a retailer's inventory on January 5, 2026.

Additional notice and guidance will be issued to affected retailers in advance of the effective date. **(P.L. 2025, c. 388, Pt. E)**

Cannabis Excise Tax

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CANNABIS EXCISE TAX RATES REDUCED; SALES OR TRANSFERS OF ADULT USE CANNABIS TO CULTIVATION FACILITY LICENSEES NOT SUBJECT TO TAX
36 M.R.S. § 4923
EFFECTIVE JANUARY 1, 2026

Effective January 1, 2026, the cannabis excise tax rates are reduced by one-third. Rates are reduced on the sale or transfer of: (1) cannabis flower from $335 to $223 per pound; (2) cannabis trim from $94 to $63 per pound; (3) immature cannabis plants and seedlings from $1.50 to $1.00 per plant or seedling; (4) mature cannabis plants from $35 to $23 per plant; and (5) cannabis seeds from 30¢ to 20¢ per seed. Additionally, sales or transfers of adult use cannabis to a licensed cultivation facility on or after January 1, 2026, are not subject to tax. **(P.L. 2025, c. 388, Pt. F)**