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

August 19, 2026 **NO. 116**

This bulletin contains important information about legislation enacted during the Second Regular Session of the 132nd Legislature and other recent developments that affect everyone who reports Maine sales, use, 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 AND USE TAX

- **Commercial wood harvesting amended to include "hauling"**
- **Exemption for new manufactured housing for installation on tribal land**
- **Scope of "tribal land" provisions expanded**
- **Mobility-enhancing equipment**
- **Other technical changes**

HOSPITAL TAX

- **Hospital tax rebasing**

TOBACCO PRODUCTS TAX

- **Technical changes**

CANNABIS EXCISE TAX

- **Transfers to products manufacturing facilities for remediation exempt**

ADDITIONAL RESOURCES

Maine Revenue Services (MRS)	maine.gov/revenue
Maine Tax Portal (MTP)	revenue.maine.gov
Laws and Rules	maine.gov/revenue/publications/rules
Sales Tax Website	maine.gov/revenue/taxes/sales-use-service-provider-tax
Email	sales.tax@maine.gov

Sales and Use Tax

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COMMERCIAL WOOD HARVESTING AMENDED TO INCLUDE "HAULING"
36 M.R.S. § 2013
EFFECTIVE JANUARY 1, 2027

Effective for sales occurring on and after January 1, 2027, the definition of "commercial wood harvesting" has been amended to include, along with the commercial severance and yarding of trees, the hauling of trees for sale or for processing into logs or other products commonly known as forest products. "Hauling" means the transportation of forest products from the land where the forest products were harvested to their initial destination involving production or use.

Depreciable machinery eligible for exemption for commercial wood harvesters engaged in hauling include semitrailers, trailers, trucks, truck tractors, pickup trucks and commercial motor vehicles as defined in Title 29-A, "Motor Vehicles and Traffic," section 101.

A person who applies for a new or renewal of a commercial wood harvesting exemption card will need to identify whether such person is also engaged in hauling. Maine Revenue Services will make available an affidavit to be presented when purchasing one of the above-named vehicles exempt from sales tax to be used directly and primarily in the hauling of forest products from the land where the forest products were harvested to their initial destination involving production or use. **(P.L. 2025, c. 650, Pt. XXX)**

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EXEMPTION FOR NEW MANUFACTURED HOUSING FOR INSTALLATION ON TRIBAL LAND
36 M.R.S. § 1760(113)
EFFECTIVE JANUARY 1, 2027

Effective for sales occurring on and after January 1, 2027, the sale of certain new manufactured housing for installation on tribal land is exempt. The exemption applies to the sale to a tribal member of new manufactured housing intended to be installed on tribal land immediately upon receipt or delivery. The exemption also extends to the sale to a construction contractor or subcontractor of new manufactured housing that is intended to be physically incorporated in, and become a permanent part of real property located on, tribal land for sale to a tribal member or to the Passamaquoddy Tribe, the Penobscot Nation, the Houlton Band of Maliseet Indians, or to the Mi'kmaq Nation.

The sale of used manufactured housing remains fully exempt under 36 M.R.S. § 1760(40), regardless of the purchaser or where the sale is sourced.

Maine Revenue Services will be updating the Contractor's Exempt Purchase Certificate (ST-A-119) to include identification of sales of new manufactured housing intended for installation on tribal land as exempt by construction contractors and subcontractors. **(P.L. 2025, c. 705, Pt. C)**

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SCOPE OF "TRIBAL LAND" PROVISIONS EXPANDED

36 M.R.S. §§ 1760(114), 1815(2)
EFFECTIVE JULY 29, 2026

For purposes of the sales tax exemption for sales to tribal entities that are sourced to tribal land, the meaning of "sales sourced to tribal land" is expanded to include no more than one parcel, or two abutting parcels, of fee land owned by each tribe or a qualifying tribal entity owned by the tribe or a tribal member to operate a business. The fee land must be located in Aroostook, Hancock, Franklin, Penobscot, Piscataquis, Somerset, Oxford or Washington County.

The Passamaquoddy Tribe, the Penobscot Nation, the Houlton Band of Maliseet Indians, and the Mi'kmaq Nation may file a written request to the State Tax Assessor to identify the specific tribally owned fee land by August 1st of each year. Sales to tribal entities sourced to those designated parcels are exempt effective January 1st of the following year.

Further, under current law, the State Controller makes a monthly transfer of funds to each tribe equal to the amount of sales tax collected in the previous month for sales occurring on its tribal land. Beginning January 1, 2027, sales tax collected on sales occurring at a location on the fee land described above is included in the monthly transfer to each tribe.

Maine Revenue Services will be amending MRS Rule 18-125, c. 325, "Sales to Tribes, Tribal Members, and Tribal Entities," to identify the specific tribally owned fee land as identified by the Passamaquoddy Tribe, the Penobscot Nation, the Houlton Band of Maliseet Indians, and the Mi'kmaq Nation. **(P.L. 2025, c. 705, Pt. D)**

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MOBILITY-ENHANCING EQUIPMENT

36 M.R.S. §§ 1752(6-K), 1760(5-A)
EFFECTIVE JULY 29, 2026

An exemption from sales tax for "mobility-enhancing equipment," which generally includes crutches and wheelchairs, was enacted in the previous session of the 132nd Legislature. P.L. 2025,

c. 662, Pt. B removes the exemption for crutches and wheelchairs from the sales and use tax exemption for certain prosthetic and orthotic devices, and it amends the definition of "mobility-enhancing equipment" to specifically state that the term includes crutches and wheelchairs. **(P.L. 2025, c. 662, Pt. B)**

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OTHER TECHNICAL CHANGES
36 M.R.S. §§ 1760(58), (74)
EFFECTIVE JULY 29, 2026

- ❖ The sales and use tax exemption for the sale of tangible personal property to be physically incorporated in and become a part of a portable classroom for lease to a school has been repealed. Such property qualifies for exemption as tangible personal property that becomes an ingredient or component part of tangible personal property produced for later sale or lease. **(P.L. 2025, c. 662, Pt. B)**

- ❖ The sales and use tax exemption for property used in production was amended to strike the clause "other than lease for use in this State" to reflect the recent inclusion of leases in the definition of "sale." **(P.L. 2025, c. 662, Pt. B)**

Hospital Tax

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HOSPITAL TAX REBASING
36 M.R.S. §§ 2892, 2893

The hospital tax, which is due in two installments on November 15 and May 15 of each year, was rebased for the second installment for state fiscal year ending June 30, 2026, and for all returns and payments in subsequent state fiscal years. The second installment for the state fiscal year ending June 30, 2026, which was due on May 15, 2026, is retroactively rebased to be computed on a hospital's net operating revenue as identified in its audited financial statement for its fiscal year ending in calendar year 2024.

As the rebasing is not effective until July 29, 2026, taxpayers are required to submit a separate return provided by Maine Revenue Services and pay the rebased amount by August 28, 2026, deducting the amount paid for the original amount due on May 15, 2026. The amount required to be paid on May 15, 2026, will reduce the amount due on August 28, 2026. **(P.L. 2025, c. 650, Pt. L)**

Tobacco Products Tax

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TECHNICAL CHANGES, "SMOKELESS TOBACCO PRODUCTS"
36 M.R.S. § 4403
EFFECTIVE JULY 29, 2026

The tobacco products tax law is amended to clarify that the tobacco products tax on smokeless tobacco applies to smokeless tobacco products, consistent with current tax administration and prior legislative changes. **(P.L. 2025, c. 662, Pt. B)**

Cannabis Excise Tax

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CERTAIN TRANSFERS TO AND FROM PRODUCTS MANUFACTURING FACILITIES NOT SUBJECT TO TAX
36 M.R.S. § 4923
EFFECTIVE JULY 29, 2026

Effective July 29, 2026, the cannabis excise tax is not imposed on a transfer of adult use cannabis from a cultivation facility to a products manufacturing facility when the adult use cannabis is returned to the original cultivation facility in the same form and weight within 30 days. Generally, this type of transfer and return are for the purposes of treatment or remediation of the adult use cannabis using radiation or ozonation. Any adult use cannabis retained by the products manufacturing facility and/or not returned to the original cultivation facility in the same form remains subject to the cannabis excise tax. **(P.L. 2025, c. 504)**