

## §1819. Sourcing

**1. "Receive" and "receipt" defined.** For the purposes of this section, "receive" and "receipt" mean:

- A. Taking possession of tangible personal property; [PL 2019, c. 401, Pt. B, §18 (NEW); PL 2019, c. 401, Pt. B, §22 (AFF).]
- B. Making first use of services; or [PL 2019, c. 401, Pt. B, §18 (NEW); PL 2019, c. 401, Pt. B, §22 (AFF).]
- C. Taking possession or making first use of products transferred electronically, whichever comes first. [PL 2019, c. 401, Pt. B, §18 (NEW); PL 2019, c. 401, Pt. B, §22 (AFF).]

"Receive" and "receipt" do not include possession by a shipping company on behalf of the purchaser. [PL 2019, c. 401, Pt. B, §18 (NEW); PL 2019, c. 401, Pt. B, §22 (AFF).]

**2. Sourcing for sales of tangible personal property and taxable services; generally.** The sale of tangible personal property or a taxable service is sourced in this State pursuant to this subsection, except the sale of mobile telecommunications services, which is sourced under subsection 6. Except as provided in subsections 3 to 5, the provisions of this subsection do not apply to the lease or rental of tangible personal property.

A. When the tangible personal property or taxable service is received by the purchaser at a business location of the seller, the sale is sourced to that business location. [PL 2019, c. 401, Pt. B, §18 (NEW); PL 2019, c. 401, Pt. B, §22 (AFF).]

B. When the tangible personal property or taxable service is not received by the purchaser at a business location of the seller, the sale is sourced to the location where receipt by the purchaser or the purchaser's donee occurs, including the location indicated by instructions for delivery to the purchaser or donee known to the seller. [PL 2019, c. 401, Pt. B, §18 (NEW); PL 2019, c. 401, Pt. B, §22 (AFF).]

C. For a sale when paragraphs A and B do not apply, the sale is sourced to the location indicated by an address for the purchaser that is available from the business records of the seller that are maintained in the ordinary course of the seller's business when use of this address does not constitute bad faith. [PL 2019, c. 401, Pt. B, §18 (NEW); PL 2019, c. 401, Pt. B, §22 (AFF).]

D. For a sale when paragraphs A to C do not apply, the sale is sourced to the location indicated by an address for the purchaser obtained during the consummation of the sale, including the address of a purchaser's payment instrument, if no other address is available, when use of this address does not constitute bad faith. [PL 2019, c. 401, Pt. B, §18 (NEW); PL 2019, c. 401, Pt. B, §22 (AFF).]

E. When paragraphs A to D do not apply, including the circumstance in which the seller is without sufficient information to apply paragraphs A to D, the location is determined by the address from which tangible personal property was shipped, from which the tangible personal property or taxable service transferred electronically was first available for transmission by the seller or from which the service was provided, disregarding for these purposes any location that merely provided the digital transfer of the tangible personal property or taxable service sold. [PL 2019, c. 401, Pt. B, §18 (NEW); PL 2019, c. 401, Pt. B, §22 (AFF).]

[PL 2025, c. 388, Pt. G, §45 (AMD); PL 2025, c. 388, Pt. G, §48 (AFF).]

**3. Sourcing for leases or rentals of tangible personal property.** The lease or rental of tangible personal property, other than property identified in subsection 4 or 5, is sourced pursuant to this subsection.

A. For a lease or rental that requires recurring periodic payments, the first periodic payment is sourced to this State in the same manner as a sale of tangible personal property in accordance with subsection 2. Periodic payments made subsequent to the first payment are sourced to the primary property location for each time period covered by the payment. For the purposes of this paragraph, "the primary property location" is an address for the property provided by the lessee that is available to the lessor from its records and maintained in the ordinary course of business, when use of this address does not constitute bad faith. The primary property location is not altered by intermittent use at different locations, such as use of business property that accompanies employees on business trips and service calls. [PL 2023, c. 643, Pt. H, §25 (NEW); PL 2023, c. 643, Pt. H, §29 (AFF); PL 2023, c. 673, §24 (NEW); PL 2023, c. 673, §28 (AFF).]

B. For a lease or rental that does not require recurring periodic payments, the payment is sourced to this State in the same manner as a sale of tangible personal property in accordance with subsection 2. [PL 2023, c. 643, Pt. H, §25 (NEW); PL 2023, c. 643, Pt. H, §29 (AFF); PL 2023, c. 673, §24 (NEW); PL 2023, c. 673, §28 (AFF).]

This subsection does not affect the imposition or computation of sales or use tax on leases or rentals, based on a lump sum payment or on the basis of accelerated payment, or on the acquisition of property for lease.

[PL 2023, c. 643, Pt. H, §25 (NEW); PL 2023, c. 643, Pt. H, §29 (AFF); PL 2023, c. 673, §24 (NEW); PL 2023, c. 673, §28 (AFF).]

**4. Motor vehicles, trailers, semitrailers, truck campers or aircraft.** The lease or rental of motor vehicles, trailers, semitrailers, truck campers or aircraft that do not qualify as transportation equipment, as defined in subsection 5, is sourced pursuant to this subsection.

A. For a lease or rental that requires recurring periodic payments, each periodic payment is sourced to the primary property location. The primary property location is as indicated by an address for the property provided by the lessee that is available to the lessor from its records maintained in the ordinary course of business, when use of this address does not constitute bad faith. This location is not altered by intermittent use at different locations. [PL 2023, c. 643, Pt. H, §26 (NEW); PL 2023, c. 643, Pt. H, §29 (AFF); PL 2023, c. 673, §25 (NEW); PL 2023, c. 673, §28 (AFF).]

B. For a lease or rental that does not require recurring periodic payments, the payment is sourced to the State in the same manner as a sale of tangible personal property in accordance with the provisions of subsection 2. [PL 2023, c. 643, Pt. H, §26 (NEW); PL 2023, c. 643, Pt. H, §29 (AFF); PL 2023, c. 673, §25 (NEW); PL 2023, c. 673, §28 (AFF).]

This subsection does not affect the imposition or computation of sales or use tax on leases or rentals, based on a lump sum payment or on the basis of accelerated payment, or on the acquisition of property for lease.

[PL 2023, c. 643, Pt. H, §26 (NEW); PL 2023, c. 643, Pt. H, §29 (AFF); PL 2023, c. 673, §25 (NEW); PL 2023, c. 673, §28 (AFF).]

**5. Transportation equipment.** The sale, including lease or rental, of transportation equipment is sourced to the State in the same manner as a sale of tangible personal property in accordance with the provisions of subsection 2. For the purposes of this subsection, "transportation equipment" means:

A. Locomotives and railcars that are used for the carriage of persons or property in interstate commerce; [PL 2023, c. 643, Pt. H, §27 (NEW); PL 2023, c. 643, Pt. H, §29 (AFF); PL 2023, c. 673, §26 (NEW); PL 2023, c. 673, §28 (AFF).]

B. Trucks and truck tractors with a gross vehicle weight rating greater than 10,000 pounds and trailers, semitrailers or passenger buses that are:

- (1) Registered through the International Registration Plan; and

(2) Operated under authority of a carrier authorized and certificated by the United States Department of Transportation or another federal authority to engage in the carriage of persons or property in interstate commerce; [PL 2023, c. 643, Pt. H, §27 (NEW); PL 2023, c. 643, Pt. H, §29 (AFF); PL 2023, c. 673, §26 (NEW); PL 2023, c. 673, §28 (AFF).]

C. Aircraft that are operated by air carriers authorized and certificated by the United States Department of Transportation, another federal authority or a foreign authority to engage in the carriage of persons or property in interstate or foreign commerce; or [PL 2023, c. 643, Pt. H, §27 (NEW); PL 2023, c. 643, Pt. H, §29 (AFF); PL 2023, c. 673, §26 (NEW); PL 2023, c. 673, §28 (AFF).]

D. Containers designed for use on and component parts attached to or secured on the equipment described in paragraphs A to C. [PL 2023, c. 643, Pt. H, §27 (NEW); PL 2023, c. 643, Pt. H, §29 (AFF); PL 2023, c. 673, §26 (NEW); PL 2023, c. 673, §28 (AFF).]  
[PL 2023, c. 643, Pt. H, §27 (NEW); PL 2023, c. 643, Pt. H, §29 (AFF); PL 2023, c. 673, §26 (NEW); PL 2023, c. 673, §28 (AFF).]

**6. Sourcing for mobile telecommunications services.** The sale of mobile telecommunications services is sourced in this State pursuant to this subsection.

A. Mobile telecommunications services provided to a customer whose place of primary use is located in this State, the charges for which are billed by or for the customer's home service provider, are deemed to be provided at the customer's place of primary use. A home service provider is responsible for obtaining and maintaining a record of a customer's place of primary use. Subject to paragraph B and if the home service provider's reliance on the information provided by its customer is in good faith, the home service provider:

(1) May rely on the applicable residential or business street address supplied by the home service provider's customer; and

(2) May not be held liable for any additional taxes under this Part based on a different determination of the place of primary use. [PL 2025, c. 388, Pt. G, §46 (NEW); PL 2025, c. 388, Pt. G, §48 (AFF).]

B. If the assessor determines that the address used by a home service provider as a customer's place of primary use does not meet the definition provided by section 1752, subsection 7-E, the assessor shall notify the customer in writing of that determination and provide the customer an opportunity to demonstrate that that address is the customer's place of primary use. If the customer fails to demonstrate to the assessor's satisfaction within 30 days from the time the customer receives notice from the assessor, or within another time period as the assessor may allow, that the address in question is the customer's place of primary use, the assessor shall provide the home service provider with the proper address to be used as the customer's place of primary use. The home service provider shall begin using the address provided by the assessor as the customer's place of primary use within 30 days from the date the home service provider receives notice of the assessor's determination. [PL 2025, c. 388, Pt. G, §46 (NEW); PL 2025, c. 388, Pt. G, §48 (AFF).]

C. A home service provider is entitled to the hold harmless protections provided by Section 1 of the federal Mobile Telecommunications Sourcing Act, Public Law 106-252, 114 Stat. 626 (2000). [PL 2025, c. 388, Pt. G, §46 (NEW); PL 2025, c. 388, Pt. G, §48 (AFF).]

D. Notwithstanding any other provision of this Part, otherwise nontaxable charges that are aggregated with and not separately stated from taxable mobile telecommunications charges are subject to taxation unless the home service provider can, to the satisfaction of the assessor, reasonably identify such charges from the home service provider's books and records kept in the regular course of its business. A customer may not rely upon the nontaxability of bundled services unless the customer's home service provider separately states the otherwise nontaxable services or

the home service provider elects, after receiving written notice from the customer in the form required by the provider, to provide verifiable data based upon the home service provider's books and records that are kept in the regular course of its business and that reasonably identify the nontaxable charges. [PL 2025, c. 388, Pt. G, §46 (NEW); PL 2025, c. 388, Pt. G, §48 (AFF).] [PL 2025, c. 388, Pt. G, §46 (NEW); PL 2025, c. 388, Pt. G, §48 (AFF).]

#### SECTION HISTORY

PL 2019, c. 401, Pt. B, §18 (NEW). PL 2019, c. 401, Pt. B, §22 (AFF). PL 2021, c. 181, Pt. B, §6 (AMD). PL 2021, c. 181, Pt. B, §7 (AFF). PL 2023, c. 643, Pt. H, §§24-27 (AMD). PL 2023, c. 643, Pt. H, §29 (AFF). PL 2023, c. 673, §§23-26 (AMD). PL 2023, c. 673, §28 (AFF). PL 2025, c. 388, Pt. G, §§45, 46 (AMD). PL 2025, c. 388, Pt. G, §48 (AFF).

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