

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 82

H.P. 73

House of Representatives, January 9, 2001

An Act to Allow Municipalities to Establish a Local Option Sales and Use Tax.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative BULL of Freeport.

Cosponsored by Representatives: NORBERT of Portland, PERRY of Bangor.

2 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 36 MRSA §1816** is enacted to read:

6 **§1816. Local option sales and use tax**

8 **1. Municipalities authorized to adopt.** If the legal voters
10 of a municipality give their approval in a referendum vote, the
12 legislative body of that municipality may impose a local option
14 sales and use tax on transactions subject to the tax imposed
16 under this chapter.

18 **2. Notify State Tax Assessor.** A municipality that imposes
20 a local option sales and use tax under this section shall notify
22 the State Tax Assessor at least 90 days before the local tax is
24 effective.

26 **3. Administered by State.** Retailers in a municipality that
28 has imposed a local option sales and use tax under this section
30 shall transfer the revenue from that tax at the time of and in
32 the manner provided for the transfer of state sales and use tax
34 revenue. The tax is subject to the same interest, penalties and
36 administrative actions as other taxes assessed under this Part.

38 **4. Transfer of revenue.** Each month the State Tax Assessor
40 shall identify the amount of revenue attributable to each
42 municipality under this section, subtract the costs of
44 administering this section and certify the net amount due each
46 municipality to the Treasurer of State. The Treasurer of State
48 shall make monthly payments to municipal treasurers of the net
amounts certified by the State Tax Assessor under this
subsection. Revenue collected pursuant to this section is not
considered to be receipts from the taxes imposed under this Part
for purposes of transfers to the Local Government Fund under
Title 30-A, section 5681.

40 **5. Use of local sales and use tax revenue.** The revenue
42 raised by the adoption of a local option sales and use tax must
44 be held by the municipality in a special revenue account
46 established for that purpose. Revenue from that account may be
48 expended only if specifically authorized by an appropriation of
the local legislative body for public improvements or economic
development or to reduce the property tax commitment.

40 **6. Referendum.** The question of whether to impose a local
42 option sales and use tax must be submitted to the legal voters of
44 a municipality that seeks to impose the local option sales and
46 use tax.

2 The petition process and the voting at elections held in towns
4 and plantations must be held and conducted in accordance with
6 Title 30-A, sections 2528, 2529 and 2532 even if the municipality
8 has not accepted the provisions of section 2528. The voting at
10 elections held in municipalities must be held and conducted in
12 accordance with Title 21-A. The municipal clerk shall make a
14 return of the results, certify the results and send them to the
16 Secretary of State. The Secretary of State shall forward the
18 results to the State Tax Assessor. The municipal clerk shall
20 prepare the required ballots, which must contain substantially
22 the following question:

14 "Do you favor a local option sales and use tax in the amount
16 of (figure)% ?"

16 The voters shall indicate by a cross or check mark placed against
18 the word "Yes" or "No" their opinion of the same.

20 The local option sales and use tax may be discontinued in the
22 same manner.

24 **7. Effective date of tax.** The tax authorized by this
26 section takes effect 120 days after the municipal referendum vote
28 if it is accepted by a majority of the local voters voting at the
30 election and the total number of votes cast for and against the
32 acceptance of the local option sales and use tax equals or
34 exceeds 20% of the total number of votes cast in that
36 municipality in the most recent gubernatorial election.

Sec. 2. Effective date. This Act takes effect October 1, 2001.

SUMMARY

This bill allows a municipality to adopt a local option sales and use tax.