

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 503

H.P. 342

House of Representatives, February 24, 2015

An Act To Provide Local Sales Tax Increment Disbursements

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative SCHNECK of Bangor.
Cosponsored by Senator COLLINS of York and
Representatives: BLUME of York, GOODE of Bangor, HYMANSON of York, MAREAN of
Hollis, O'CONNOR of Berwick, RYKERSON of Kittery, Senators: HILL of York,
VALENTINO of York.

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

2 **Sec. 1. 30-A MRSA §5686** is enacted to read:

3 **§5686. Local sales tax increment disbursement**

4 **1. Local sales tax increment.** Beginning with fiscal year 2016-17, the State Tax
5 Assessor shall, based on available taxable retail sales data as derived from state sales tax
6 collections, excluding taxable retail sales data for lodging and restaurants, determine the
7 amount of sales tax revenue and the amount of the local sales tax increment for each
8 fiscal year that is attributable to each municipality and the unorganized territory under
9 Title 36, Part 3. For the purposes of this section, "local sales tax increment" means 5% of
10 the increase in revenue attributable to a municipality or the unorganized territory under
11 Title 36, Part 3 over the amount attributable to the municipality or the unorganized
12 territory in fiscal year 2016-17 and every 4th year thereafter.

13 **2. Transfers.** Beginning with fiscal year 2017-18, the State Tax Assessor shall
14 certify to the State Controller by September 30th annually the local sales tax increment
15 amounts needed to make payments under this section. The State Controller shall, within
16 15 days after the certification, transfer those amounts to a local sales tax increment
17 account, which must be established for this purpose.

18 **3. Payments to municipalities and the unorganized territory.** The Treasurer of
19 State shall pay by October 1st annually to each municipality and the Unorganized
20 Territory Education and Services Fund under Title 36, chapter 115 from the local sales
21 tax increment account established pursuant to subsection 2 an amount equal to the local
22 sales tax increment. If the local sales tax increment for a municipality or the unorganized
23 territory is \$0 or less, a payment may not be made for that fiscal year. The Treasurer of
24 State shall pay the amount due under this section and provide an accounting of the
25 amount to the municipality or the fiscal administrator of the unorganized territory no later
26 than 6 months after the end of that fiscal year. The amount received under this section by
27 a municipality or the fund may not reduce or be reduced by any other revenue sharing or
28 state aid received by the municipality or the fund. A municipality or the fiscal
29 administrator of the unorganized territory shall reduce the property tax levy, as defined in
30 section 5721-A, subsection 1, paragraph D, in an amount equal to the payments received
31 under this section in the fiscal year that the local sales tax increment revenue is received.

32 **SUMMARY**

33 This bill requires payments beginning in fiscal year 2017-18 to municipalities of an
34 amount, as determined by the State Tax Assessor, equal to 5% of the difference between
35 the sales and use tax revenue attributable to the municipality in a fiscal year and the
36 comparable amounts for fiscal year 2016-17, referred to as the "local sales tax
37 increment." If the amount of sales and use tax collected in a fiscal year in a municipality
38 is below that collected in fiscal year 2016-17, then the municipality receives no payment.
39 The base year for determining the local sales tax increment is reset in fiscal year 2020-21
40 and every 4 years thereafter. The amount received may not reduce any other state aid or
41 revenue sharing received by that municipality, and the municipality must use the amount

1 received to reduce property taxes by the same amount. The Unorganized Territory
2 Education and Services Fund receives the local sales tax increment payment for the
3 unorganized territory and is subject to the same requirement to use the revenue to reduce
4 property taxes.