

# MAINE STATE LEGISLATURE

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MA  
ROTS

L.D. 1254

Date: 6/10/19 Majority

(Filing No. H-536)

TAXATION

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
129TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 915, L.D. 1254, Bill, "An Act To Authorize a Local Option Sales Tax on Meals and Lodging and Provide Funding To Treat Opioid Use Disorder"

Amend the bill by striking out the title and substituting the following:

'An Act To Authorize a Local Option Sales Tax on Meals and Lodging and Provide Funding for Maine Rural Development'

Amend the bill in section 1 in §1819 in the headnote in the first 2 lines (page 1, lines 3 and 4 in L.D.) by striking out the following: "treatment of opioid use disorder" and inserting the following: 'rural development'

Amend the bill in section 1 in §1819 by striking out all of subsection 2 (page 1, lines 12 to 16 in L.D.) and inserting the following:

'2. Authorization to impose local option sales tax. A municipality by referendum conducted pursuant to subsection 8 may impose a local option sales tax of 1% on prepared food and the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp.'

Amend the bill in section 1 in §1819 by striking out all of subsection 6 (page 1, lines 28 to 37 and page 2, lines 1 to 3 in L.D.) and inserting the following:

'6. Distribution of revenue. Quarterly, the assessor shall identify the amount of revenue attributable to each participating municipality under this section, subtract the costs of administering this section and certify the net amount for that municipality to the Treasurer of State for distribution pursuant to this subsection. From the net amount certified for a municipality under this subsection, the Treasurer of State shall make monthly payments as follows:

- A. Seventy-five percent to the participating municipality; and
- B. Twenty-five percent to the Maine Rural Development Authority established under Title 5, chapter 383, subchapter 9.

COMMITTEE AMENDMENT

1 For the purposes of this subsection, the unorganized territory must receive reimbursement  
2 as if it is one municipality.

3 For purposes of this subsection, "costs of administering this section" means the lesser of  
4 the actual cost to the assessor of administering this section and 2% of the total revenue  
5 generated by a local option sales tax.'

6 Amend the bill in section 1 in §1819 by striking out all of subsection 7 (page 2, lines  
7 4 to 6 in L.D.).

8 Amend the bill in section 1 in §1819 by striking out all of subsections 9 and 10 (page  
9 2, lines 14 to 31 in L.D.) and inserting the following:

10 **'9. Referendum.** The question of whether to impose a local option sales tax must be  
11 submitted to the legal voters of a municipality that seeks to impose the local option sales  
12 tax. The referendum question must indicate the rate of the local option sales tax.

13 The petition process and voting must be held and conducted in accordance with Title  
14 30-A, sections 2528, 2529 and 2532 even if the municipality has not accepted the  
15 provisions of Title 30-A, section 2528. The voting at elections must be held and  
16 conducted in accordance with Title 21-A.

17 The municipal clerk shall make a return of the results, certify the results and send them to  
18 the Secretary of State. The Secretary of State shall forward the results to the assessor.

19 The local option sales tax may be discontinued by referendum conducted in the same  
20 manner as the referendum adopting the tax under this subsection.

21 **10. Effective date of tax; acceptance by voters.** A local option sales tax authorized  
22 by this section takes effect 120 days after the municipal referendum vote under  
23 subsection 8 if it is accepted by a majority of the legal voters voting at the election and  
24 the total number of votes cast equals or exceeds 20% of the total number of votes cast in  
25 the municipality in the most recent gubernatorial election, except that no local option  
26 sales tax may take effect before July 1, 2021.'

27 Amend the bill in section 1 in §1819 by renumbering the subsections to read  
28 consecutively.

29 Amend the bill by relettering or renumbering any nonconsecutive Part letter or  
30 section number to read consecutively.

31 **SUMMARY**

32 This amendment provides that a municipality adopting a local option sales tax on  
33 meals and lodging is limited to a tax rate of 1% and provides that the tax must be assessed  
34 year-round. The amendment changes the distribution of local sales tax net revenue to  
35 75% for the municipality imposing the tax and 25% to be distributed to the Maine Rural  
36 Development Authority. A local option sales tax may not take effect before July 1, 2021.

37 **FISCAL NOTE REQUIRED**

38 **(See attached)**



# 129th MAINE LEGISLATURE

LD 1254

LR 231(03)

## An Act To Authorize a Local Option Sales Tax on Meals and Lodging and Provide Funding To Treat Opioid Use Disorder

Fiscal Note for Bill as Amended by Committee Amendment *A(H-536)*

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

Contingent current biennium cost increase - General Fund  
 Contingent current biennium revenue decrease - General Fund  
 Contingent current biennium revenue increase - Municipalities  
 Contingent current biennium revenue increase - Maine Rural Development Authority

### Fiscal Detail and Notes

All of the impacts described below are contingent on at least one municipality voting to impose a local sales tax.

This bill creates a local option sales tax of 1% on prepared food and lodging. Municipalities can opt to create this tax through a municipal referendum. Revenues would be distributed 75% to participating municipalities and 25% to the Maine Rural Development Authority. If all municipalities were to opt for and approve this tax, annual revenues to municipalities and the Maine Rural Development Authority would be approximately \$30 million and \$10 million, respectively. The Department of Administrative and Financial Services (DAFS) has indicated it would require a General Fund appropriation of \$850,000 in each of the first two years for computer programming, data cleansing, forms design, etc. to establish a local option sales tax system. DAFS would also require \$109,000 annually for one Revenue Agent position.

Although it is not possible to predict how many municipalities would implement a local 1% tax, for comparison purposes Maine Revenue Services has estimated that if all municipalities voted to do so, General Fund revenue could be reduced by an estimated \$2 million annually based upon a decrease in consumption because of an increase in the overall sales tax rate. There is no expectation that every municipality would implement a local tax.