

MAINE STATE LEGISLATURE

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Date: 6/17/25 Majority

L.D. 746
(Filing No. H- 774)

TAXATION

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STATE OF MAINE HOUSE OF REPRESENTATIVES 132ND LEGISLATURE FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 488, L.D. 746, "An Act to Authorize a Local Option Sales Tax on Short-term Lodging to Fund Municipalities and Affordable Housing"

Amend the bill in section 1 in §1822 by striking out all of subsection 2 (page 1, lines 9 to 12 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 2% on the value of rental of living quarters in any hotel, rooming house and tourist and trailer camp, including casual rentals.

A. A local option sales tax may not be imposed in the unorganized territory.

B. A local option sales tax may be imposed only on a year-round basis. A municipality may not adopt a seasonal or part-year local option sales tax.'

Amend the bill in section 1 in §1822 in subsection 3 in the last line (page 1, line 15 in L.D.) by striking out the following: "section" and inserting the following: 'sections 1764 and'

Amend the bill in section 1 in §1822 in subsection 3 in the last line (page 1, line 15 in L.D.) by inserting after the following: "1811," the following: 'A taxpayer who reports sales tax collected on casual rentals on that taxpayer's individual income tax return pursuant to section 1951-A, subsection 3 is not required to collect and remit local option sales tax.'

Amend the bill in section 1 in §1822 in subsection 5 in the last line (page 1, line 22 in L.D.) by striking out the following: "Part." and inserting the following: 'Part, and sourcing determinations must be made pursuant to section 1819.'

Amend the bill in section 1 in §1822 in subsection 9 in the 3rd line (page 2, line 16 in L.D.) by striking out the following: "2" and inserting the following: '8'

Amend the bill in section 1 in §1822 in subsection 9 in the last line (page 2, line 20 in L.D.) by striking out the following: "2026" and inserting the following: '2027'

1 Amend the bill by inserting after section 1 the following:

2 **'Sec. 2. Appropriations and allocations.** The following appropriations and
3 allocations are made.

4 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

5 **Revenue Services, Bureau of 0002**

6 Initiative: Establishes one Tax Examiner I position to review and process local option sales
7 tax filings effective October 1, 2025.

| | | | |
|----|-------------------------------|----------------|----------------|
| 8 | GENERAL FUND | 2025-26 | 2026-27 |
| 9 | POSITIONS - LEGISLATIVE COUNT | 1,000 | 1,000 |
| 10 | Personal Services | \$112,353 | \$148,341 |
| 11 | All Other | \$10,000 | \$10,000 |
| 12 | | | |
| 13 | GENERAL FUND TOTAL | \$122,353 | \$158,341 |

14 **Revenue Services, Bureau of 0002**

15 Initiative: Provides funding for computer programming costs.

| | | | |
|----|---------------------|----------------|----------------|
| 16 | GENERAL FUND | 2025-26 | 2026-27 |
| 17 | All Other | \$815,574 | \$540,654 |
| 18 | | | |
| 19 | GENERAL FUND TOTAL | \$815,574 | \$540,654 |

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21 **ADMINISTRATIVE AND FINANCIAL**
22 **SERVICES, DEPARTMENT OF**
23 **DEPARTMENT TOTALS**

| | | | |
|----|-------------------------------------|------------------|------------------|
| 24 | | 2025-26 | 2026-27 |
| 25 | GENERAL FUND | \$937,927 | \$698,995 |
| 26 | | | |
| 27 | DEPARTMENT TOTAL - ALL FUNDS | \$937,927 | \$698,995 |

28 **HOUSING AUTHORITY, MAINE STATE**

29 **Housing Authority - State 0442**

30 Initiative: Allocates funds for the rural affordable rental housing program or another
31 program that supports the development of affordable housing in rural communities from
32 revenue received from the local option sales tax.

| | | | |
|----|------------------------------------|----------------|----------------|
| 33 | OTHER SPECIAL REVENUE FUNDS | 2025-26 | 2026-27 |
| 34 | All Other | \$0 | \$326,000 |
| 35 | | | |
| 36 | OTHER SPECIAL REVENUE FUNDS TOTAL | \$0 | \$326,000 |

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38 **HOUSING AUTHORITY, MAINE STATE**
39 **DEPARTMENT TOTALS**

| | | | |
|----|------------------------------------|----------------|------------------|
| 40 | | 2025-26 | 2026-27 |
| 41 | OTHER SPECIAL REVENUE FUNDS | \$0 | \$326,000 |

DEPARTMENT TOTAL - ALL FUNDS

\$0

\$326,000

SECTION TOTALS

2025-26

2026-27

GENERAL FUND

\$937,927

\$698,995

OTHER SPECIAL REVENUE FUNDS

\$0

\$326,000

SECTION TOTAL - ALL FUNDS

\$937,927

\$1,024,995

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

SUMMARY

This amendment prohibits a seasonal local option sales tax and specifies that casual rentals are subject to the tax.

The amendment delays the earliest allowed start date for a local option sales tax by one year to January 1, 2027 and conforms the sourcing of the rental payments to the Maine Revised Statutes, Title 36, section 1819.

The amendment allows taxpayers who report sales tax collected from casual rentals on their individual income tax returns to not collect and remit the local option sales tax.

The amendment adds an appropriations and allocations section.

FISCAL NOTE REQUIRED

(See attached)

**132nd MAINE LEGISLATURE****LD 746****LR 826(02)****An Act to Authorize a Local Option Sales Tax on Short-term Lodging to Fund Municipalities and Affordable Housing****Fiscal Note for Bill as Amended by Committee Amendment****Committee: Taxation****Fiscal Note Required: Yes****A (H-774)****Fiscal Note**

| | FY 2025-26 | FY 2026-27 | Projections FY 2027-28 | Projections FY 2028-29 |
|-----------------------------------|-------------------|-------------------|-----------------------------------|-----------------------------------|
| Net Cost (Savings) | | | | |
| General Fund | \$937,927 | \$826,995 | \$545,341 | \$524,341 |
| Appropriations/Allocations | | | | |
| General Fund | \$937,927 | \$698,995 | \$148,341 | \$148,341 |
| Other Special Revenue Funds | \$0 | \$326,000 | \$2,131,000 | \$2,178,000 |
| Revenue | | | | |
| General Fund | \$0 | (\$128,000) | (\$397,000) | (\$376,000) |
| Other Special Revenue Funds | \$0 | \$4,821,000 | \$20,829,000 | \$21,320,000 |

Fiscal Detail and Notes

This bill allows municipalities to impose a local option sales tax of two percent on lodging rentals that are subject to the state sales tax if approved by referendum of the voters in that municipality. Ten percent of the revenue from the local option sales tax must be transferred to the Maine State Housing Authority. The cost of administering the local option sales tax is retained in the General Fund and the balance is distributed to municipalities imposing the local option sales tax. The bill includes a revenue decrease to the General Fund of \$128,000 in fiscal year 2026-27 and a revenue decrease to the Local Government Fund of \$7,000 in fiscal year 2026-27. The bill also includes transfers to the Maine State Housing Authority of \$326,000 and to participating municipalities of \$4,502,000 in fiscal year 2026-27.

Additionally, the bill includes General Fund appropriations of \$937,927 in fiscal year 2025-26 and \$698,995 in fiscal year 2026-27 to the Bureau of Revenue Services within the Department of Administrative and Financial Services to establish one Tax Examiner I position to review and process local option sales tax filings effective as well as to fund computer programming costs associated with the provisions of this bill.

The bill also includes an Other Special Revenue Funds allocation of \$326,000 in fiscal year 2026-27 to the Maine State Housing Authority to authorize the expenditure of fund received from the local option sales tax for the rural affordable rental housing program and for another program that supports the development of affordable housing in rural communities.