

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

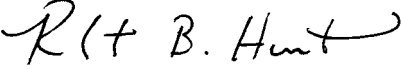
No. 746

H.P. 488

House of Representatives, February 25, 2025

**An Act to Authorize a Local Option Sales Tax on Short-term
Lodging to Fund Municipalities and Affordable Housing**

Reference to the Committee on Taxation suggested and ordered printed.


ROBERT B. HUNT
Clerk

Presented by Representative FRIEDMANN of Bar Harbor.
Cosponsored by Senator TIPPING of Penobscot and
Representatives: Speaker FECTEAU of Biddeford, RAY of Lincolnville, SAYRE of
Kennebunk.

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

2 **Sec. 1. 36 MRSA §1822** is enacted to read:

3 **§1822. Municipal local option sales tax on short-term lodging**

4 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
5 following terms have the following meanings.

6 A. "Local option sales tax" means a sales tax imposed pursuant to subsection 2.

7 B. "Participating municipality" means a municipality that has imposed a local option
8 sales tax pursuant to this section.

9 **2. Authorization to impose local option sales tax.** A municipality by referendum
10 conducted pursuant to subsection 9 may impose a local option sales tax of 2% on the value
11 of rental of living quarters in any hotel, rooming house or tourist or trailer camp. A local
12 option sales tax may not be imposed in the unorganized territory.

13 **3. Local option sales tax limited to lodging.** A municipality may not impose a local
14 option sales tax on the value of rental of living quarters of any hotel, rooming house or
15 tourist or trailer camp not subject to tax under section 1811.

16 **4. Notify State Tax Assessor.** A participating municipality shall notify the assessor
17 at least 90 days before the local option sales tax is effective.

18 **5. Administration.** A retailer in a participating municipality shall transfer the revenue
19 from a local option sales tax at the time and in the manner provided in section 1951-A,
20 subsection 1 for the transfer of state sales tax revenue. The tax is subject to the same
21 enforcement provisions, interest, penalties and administrative actions as other taxes
22 assessed under this Part.

23 **6. Distribution of revenue.** By the 20th day of each month, the assessor shall certify
24 to the State Controller and the Treasurer of State the amount of revenue attributable to the
25 local option sales tax collected in the previous month in each participating municipality,
26 after deducting from that revenue the following:

27 A. Ten percent of the total revenue to be transferred to the Maine State Housing
28 Authority to be used to provide subsidies through the rural affordable rental housing
29 program or through another program that supports the development of affordable
30 housing in rural communities for the construction of affordable housing units; and

31 B. The lesser of the actual cost to the assessor of administering this section and 2% of
32 the total revenue generated by the local option sales tax.

33 By the end of each month, the Treasurer of State shall make payments to the participating
34 municipalities of the amounts certified by the assessor pursuant to this subsection.

35 **7. Effect on revenue sharing and other state aid programs.** Revenue distributed
36 pursuant to subsection 6 may not be considered to be receipts from the taxes imposed under
37 this Part for the purpose of transfers to the Local Government Fund under Title 30-A,
38 section 5681. Revenue received pursuant to subsection 6 may not be used to reduce or
39 eliminate any funding otherwise due a municipality under any provision of law providing
40 aid to the municipality, including, but not limited to, aid for schools, roads, public
41 assistance or jails.

