

MAINE STATE LEGISLATURE

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(EMERGENCY)
FIRST SPECIAL SESSION

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 2201

H. P. 2022

House of Representatives, February 10, 1976

Referred to Committee on State Government. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Palmer of Nobleboro.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SIX

AN ACT to Establish a Division of Travel Information.

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the State of Maine has been severely affected by the current economic crisis and this situation is likely to continue for the foreseeable future; and

Whereas, Maine's vacation-travel industry, its second largest industry, contributes significantly to the sales and gasoline taxes, but has shown a serious decline recently; and

Whereas, the State of Maine currently does not have a funded agency in support of the industry; and

Whereas, it is urgent that this State, "vacationland," formulate emergency and long-range plans and policies for sound economic, social and environmental development of the industry; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 5 MRSA § 7002, sub-§ 2, ¶ D, 2nd ¶, as enacted by PL 1975, c. 481, § 3, is amended to read:

The State Development Office shall maintain a close liaison with and make recommendations and reports in cooperation with the Maine Guarantee Authority and the Maine Mining Bureau ~~and the State of Maine Publicity Bureau.~~

Sec. 2. 5 MRSA § 7002, sub-§ 2, ¶ F, as enacted by PL 1975, c. 481, § 3, is repealed.

Sec. 3. 23 MRSA § 4205, sub-§ 9 is enacted to read:

9. The Division of Travel Information

Sec. 4. 23 MRSA § 4206, sub-§ 1, ¶ J is enacted to read

J. To develop policy and planning as will meet the present and future needs of the vacation-travel industry; to implement a program designed to promote and develop vacation travel and to attract visitors to the State; to expand existing vacation-travel activities within and without the State and to coordinate vacation-travel activities between the private and public sector whenever feasible.

Sec. 5. 23 MRSA c. 410, sub-c. II, is enacted to read:

SUBCHAPTER II

DIVISION OF TRAVEL INFORMATION

§ 4210. Division of Travel Information

There is established to carry out the purposes of this subchapter a Division of Travel Information, hereafter in this chapter called "division," within the Department of Transportation, which shall be directly responsible to the Commissioner of Transportation.

§ 4211. Travel Information Director

1. Director. The executive head of the division shall be appointed by the commissioner after consultation with the Vacation-Travel Advisory Council. The director shall be appointed for a term coterminous with that of the commissioner, subject to removal for cause by the commissioner. The director shall be paid a salary fixed by the commissioner, subject to the approval of the State Personnel Board.

2. Powers and duties. The department shall have the following powers and duties:

A. Subject to the State Personnel Law, to appoint and remove the staff of the division and prescribe their duties as may be necessary to implement the purposes of this subchapter. In all other respects, the employees of the division shall be subject to the State Personnel Law;

B. To employ or engage such outside technical or professional consultants as may be necessary or appropriate to assist the division in carrying out its functions. He may enter into contracts with other boards, commissions, departments and divisions of the State, the University of Maine or with

the State of Maine Publicity Bureau to assist him in carrying out his duties under this subchapter;

C. To develop policy and planning as will meet the present and future needs of the vacation-travel industry; implement a program designed to promote and develop vacation travel and to attract visitors to the State; expand existing vacation-travel activities within and without the State, including, but not limited to, information centers; coordinate vacation-travel activities between the public and private sectors, including assistance to local communities and regions in their development efforts; extend technical assistance to new and existing vacation-travel related industries seeking expansion within the State; utilize trade missions, exhibits, brochures, technical assistance and expertise as may be necessary to develop and promote vacation travel; and prepare and print, or have printed, such brochures, pamphlets, books, booklets, films, photos, maps, exhibits, all like materials and media advertising as may be deemed necessary to the division's activities;

D. To accept for the State any federal funds appropriated under any federal law relating to the authorized program of the division and to do such acts as are necessary for the purposes of carrying out such federal law; and to accept from any other agency of government, individual, group or corporation, such funds as may be available to carry out this subchapter, including such fees as the director may designate for books, booklets, brochures, pamphlets, films, photos, maps, exhibits, all like materials and all media advertising; and

E. To submit an annual report of the division's activities and expenditures to the Governor, Members of the Legislature and the general public not later than October 1st.

The several officers, boards, commissions, departments and divisions of the State, and city and town officials may consult with the division and furnish or make available to it data and information within their knowledge or control.

§ 4212. Vacation-Travel Advisory Council

A Vacation-Travel Advisory Council shall be appointed by the Commissioner of Transportation to review, advise, recommend and guide the division's operation. It shall consist of 8 members who shall serve for a term of 3 years provided that of the members first appointed, 2 shall be appointed for a term of one year, 3 for a term of 2 years and 3 for a term of 3 years. The council shall annually elect a chairman. Each of the following organizations shall be represented on the council by a member of their organization: Maine State Chamber of Commerce, Maine Innkeepers Association, Maine Restaurant Association, Ski Maine Association, Maine Merchants Association, Maine Municipal Association, Maine Campground Owners Association and the American Society of Travel Agents. All geographic areas of the State shall be represented whenever possible. A vacancy in office of a member, other than by expiration, shall be filled in like manner as an original appointment, but only for the term of the retiring member. Members may

be removed by the Commissioner of Transportation for cause. The council shall meet at least 4 times a year at the call of the chairman or at the request of 3 members of the advisory council. Members shall serve without pay and shall be reimbursed for normal expenses.

§ 4213. State of Maine Publicity Bureau

The State of Maine Publicity Bureau shall operate the Maine information centers. It is the intent of the Legislature that the State of Maine Publicity Bureau be employed on a contractual agreement by the division to coordinate the vacation-travel activities of the private and public sector, including, but not limited to publications, mailings and information centers. As part of the contract, the State of Maine Publicity Bureau shall not solicit membership fees or dues from cities, towns or counties throughout the State.

§ 4214. Maine Travel Information Fund

1. Definition. To provide funds for the operation of the division, there is established a fund to be known as the Maine Travel Information Fund. The fund shall include all revenues received by a tax imposed at a rate of $\frac{1}{2}$ of 1% of the sales tax rate imposed upon the food products and living quarters rental charges. Such tax shall be known as the Maine Travel Information Tax and shall be included in the general sales tax rate imposed upon the food products and living quarters rental charges as provided in Title 36, section 1811. Unexpended balances of the Maine Travel Information Fund shall be deemed nonlapsing carrying accounts.

2. Limitations or use. Revenues credited to the Maine Travel Information Fund shall not be expended for any purpose other than to support the operations of the Division of Travel Information and the division in turn shall not cause these funds to be expended for any purpose other than as specified in sections 4210, 4211 and 4213. The department is authorized to establish activity accounts as needed for the effective fiscal management of moneys in the Maine Travel Information Fund. Moneys may be transferred between the division's accounts but not between the department's other accounts.

Sec. 6. 36 MRSA § 1811, first ¶, as last amended by PL 1969, c. 295, § 2, is repealed and the following enacted in place thereof:

A tax is imposed at the rate of 5% on the value of all tangible personal property and telephone and telegraph service sold at retail in this State and at a rate of $5\frac{1}{2}\%$ upon food products served on or off the premises of the retailer, including drinks or food furnished, prepared or served for consumption at tables, chairs or counters from trays, glasses, dishes or other tableware provided by the retailer and at a rate of $5\frac{1}{2}\%$ upon the rental charged for living quarters in hotels, rooming houses, tourist or trailer camps, measured by the sale price, except as in chapters 211 to 225 provided. One-half of a percentage point of the tax rate imposed upon the food products and living quarters rental charges shall be known as the Maine Travel Information Tax and all revenue derived from such tax shall be credited to the Maine Travel Information Fund as established in Title 23, section 4214. Retailers

shall pay such tax at the time and in the manner provided and it shall be in addition to all other taxes.

Sec. 7. 36 MRSA § 1812, as last amended by PL 1969, c. 295, § 3, is repealed and the following enacted in place thereof:

§ 1812. Adding tax to sale price

1. Certain retail products excepting food products or rental living quarters. Every retailer shall add the sales tax imposed by chapters 211 to 225, or the average equivalent of said tax, to his sale price, except as otherwise provided, and when added the tax shall constitute a part of the price, shall be a debt of the purchaser to the retailer until paid and shall be recoverable at law in the same manner as the purchase price. When the sale price shall involve a fraction of a dollar, the tax shall be added to the sale price upon the following schedules:

Amount of Sale Price	Amount of Tax
\$0.01 to \$0.10, inclusive	0¢
.11 to .20, inclusive	1¢
.21 to .40, inclusive	2¢
.41 to .60, inclusive	3¢
.61 to .80, inclusive	4¢
.81 to .99, inclusive	5¢

2. Computation of sales tax over 99¢. When the sale price exceeds 99¢, the tax to be added to the price shall be 5¢ for each whole dollar plus the amount indicated above for each fractional part of a dollar.

3. Retail food products or rental living quarters. Every person who retails food products or rental living quarters or both, as set forth in the first paragraph of section 1811, shall add the sales tax imposed by section 1811 on food products and on rental living quarters to the sale price of the food products or rental living quarters retailed, except as otherwise provided, and when added the tax shall constitute a part of the price, shall be a debt of the purchaser to the retailer until paid and shall be recoverable at law in the same manner as the purchase price. When the sale price shall involve a fraction of a dollar, the tax shall be added to the sale price upon the following schedules:

Amount of Sale Price	Amount of Tax
\$0.01 to \$0.10, inclusive	0¢
.11 to .20, inclusive	1¢
.21 to .38, inclusive	2¢
.39 to .56, inclusive	3¢
.57 to .74, inclusive	4¢
.75 to .92, inclusive	5¢
.93 to 1.10, inclusive	6¢
1.11 to 1.28, inclusive	7¢
1.29 to 1.46, inclusive	8¢
1.47 to 1.64, inclusive	9¢
1.65 to 1.82, inclusive	10¢
1.81 to 2.00, inclusive	11¢

4. **Computation of tax; over \$2.** When the sale price exceeds \$2, the tax to be added to the price shall be 11¢ for each unit of \$2, plus the amount indicated above for each fractional part of \$2.

5. **Computation of tax; combined purchases.** When several articles are purchased together and at the same time, the tax under subsections 1 and 2 shall be computed on the total amount of the several items.

6. **Breakage.** Breakage under this section shall be retained by the retailer as compensation for the collection.

Sec. 8. Equipment transferred. All assets, promotional displays, equipment and other related capital equipment of the State Development Office, including all properties formerly belonging to the Promotion Division of the Department of Commerce and Industry, shall be transferred to the Division of Travel Information.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect upon approval, except section 6 and 7 which shall take effect June 1, 1976.

FISCAL NOTE

It is estimated that this Act will generate approximately \$1,300,000 annually. Two new positions will be created within the division, a director and one secretary. Any amount contracted to the State of Maine Publicity Bureau will be coordinated with the bureau's revenues to avoid duplication of effort on behalf of the private and public sectors for the vacation-travel industry. To effectively administer the program, the amount of moneys contracted to the State of Maine Publicity Bureau, exclusive of media advertising funds, should approximate the 75% state to 25% private moneys subscribed to said publicity bureau, as recommended in the 1974 "Tourism in Maine" study, (Page 196). In return, the bureau will not solicit or receive dues or membership fees from towns, cities and counties. A projected budget for the division is:

Division Operating Expenses	\$ 75,000
*Operation of Information Centers	75,000
Building Fund (Future Information Centers)	40,000
Contingency	40,000
Local Matching Funds (3 to 1)	400,000
Advertising and Promotion	500,000
*Publications	250,000
*Postage and Services	120,000
	<hr/>
	\$1,500,000

* Contracted services to State of Maine Publicity Bureau.

STATEMENT OF FACT

The 105th Maine Legislature commissioned a \$60,000 study of Maine's Vacation-Travel Industry to determine its impact socially, environmentally and economically to provide information to plan effectively for its future development.

The subsequent report, "Tourism in Maine: Analysis and Recommendations," conclusively indicated that tourism "is a profitable business in Maine generating annually \$460 million in direct, indirect and induced "sales" with \$30 million going directly into the General Fund each year through sales tax revenues.

Vacation travel in recent years has declined in Maine resulting in loss of revenues to the State through the sales and gasoline tax. Presently the State is expending nothing on behalf of this industry, Maine's second largest industry, and has in effect disassociated itself with the business. As a result, it is expected that vacation travel will not significantly increase in the near future. This is unfortunate at a time when the State needs more revenues within the General Fund to meet its commitments.

This Act creates a Division of Travel Information within the Department of Transportation. Its activities will be funded through a self-imposed sales tax of $\frac{1}{2}$ of 1% on the food and lodging industry. Consistent with Governor Longley's recommendation to contract some state services with the private sector, the Act designates the State of Maine Publicity Bureau, a nonprofit organization, as the private contractual agent, to assist the division in many of its activities including the coordination of the private and public sectors within the vacation-travel industry.

Passage of this Act, including adequate funding, will definitely increase revenues to the State in substantial quantity.