

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1276

H. P. 1073

House of Representatives, March 12, 1981

Referred to the Committee on Taxation. Sent up for concurrence and 2,500 ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Brannigan of Portland.

Cosponsors: Representative Lund of Augusta, Representative Murphy of Kennebunk and Representative Fowlie of Rockland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Permit Municipalities to Levy a Sales Tax on Meals and Lodging.

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

Sec. 1. 30 MRSA § 5106, sub-§ 8, is repealed and the following enacted in its place:

8. **Tourism and conventions. Promoting and encouraging the vacation-travel, tourist and convention industry.**

Sec. 2. 36 MRSA c. 213-A is enacted to read:

CHAPTER 213-A

LOCAL OPTION AND LODGING TAX

§ 1821. General grant of power

The local governing body of a municipality is authorized and empowered to impose, by ordinance, a tax of 2% of the total amount, excluding other taxes, paid for the use or rental of living quarters in hotels, rooming houses, tourist or trailer camps and paid-for meals and beverages sold in restaurants, including restaurants connected with or part of hotels, rooming houses, tourist or trailer camps. This tax is in addition to any other tax permitted or required by federal or state law.

§ 1822. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Meals and beverages sold in restaurants. “Meals and beverages sold in restaurants” includes all nonexempt food products set forth in section 1760, subsection 3, except that it does not include medicines, tonics, vitamins and preparations in liquid, powdered, granular, tablet, capsule, lozenge or pill form, sold as dietary supplements or adjuncts, and it does not include any product sold to a person for resale through coin-operated vending machines when sold to a retailer whose gross receipts from the retail sale of tangible personal property derived through sales from vending machines are more than 50% of his gross receipts.

2. Use or rental of living quarters. “Use or rental of living quarters” means the use or rental of living quarters as defined in section 1752, subsection 6, in a hotel, rooming house, tourise or trailer camp, all as defined in section 1752, and not exempt from tax under section 1760.

All other words, terms and phrases have the meaning given in section 1752.

§ 1823. Administration

The State Tax Assessor shall administer the local sales tax permitted under this chapter. The State Tax Assessor may adopt reasonable rules and regulations and prescribe forms to effectuate this chapter, but adoption of these rules and regulations is not a prerequisite to the administration of a properly adopted local option tax. The State Tax Assessor has the same powers and authority as set forth elsewhere in this Part to carry out and enforce the provisions of this chapter.

§ 1824. Distribution of proceeds

All sums collected by the State Tax Assessor on behalf of a particular municipality shall be credited to that municipality on a quarterly basis and shall be distributed to the municipality of origin on or before the 15th day of the month following the quarter in which they were credited. The State Tax Assessor may deduct from that sum the reasonable cost of administering the tax, not exceeding 2% of the total amount collected for the municipality. Any municipality adopting the local option tax shall notify the State Tax Assessor in writing that it has done so at least 30 days prior to the effective date of the ordinance imposing the tax. A copy of the ordinance shall also be filed with the State Tax Assessor at that time. In the event of termination of any local option tax, the municipality shall provide the State Tax Assessor with no less than 30 days prior notice of the effective date of the termination.

§ 1825. Exemptions

The taxes imposed pursuant to this chapter are subject to the exemptions set forth in section 1760.

§ 1826. Use of revenues

Revenues distributed to the municipality for the local option tax shall become part of the municipality's general funds and may be appropriated for any authorized public purpose, except the municipality shall dedicate a portion of the revenues derived from any tax imposed under this chapter to promote and encourage vacation-travel, tourism and the tourist and convention industry.

§ 1827. Approval of voters

1. Initial approval. The municipal legislative body shall hold a referendum on whether or not to levy the sales tax authorized under section 1821, and on the percentage of revenues derived annually to be available for the promotion of tourism pursuant to section 1826.

Such referendum shall be held at a municipal election conducted in accordance with the charter or with Title 30, chapter 207, or other applicable law for calling an election in that municipality. The municipality shall cause the required ballots to be prepared, on which shall be placed the following question:

“Shall the _____ adopt an ordinance
 (Name of municipality)
 or bylaw to levy a 2% sales tax on meals and lodging, with _____%
 (Percentage)
 of the annual revenue derived therefrom to be available for the promotion and encouragement of the vacation-travel, tourism and the tourist and convention industry?”

If a majority of the legal voters voting at that referendum are in favor of levying a 2% sales tax with a percentage to be available for tourism, the municipal officers of that municipality shall adopt, after notice and hearing, an ordinance to implement such tax.

2. Change in tourism percentage. Any change in the percentage available for the promotion of tourism which was approved in a referendum held under subsection 1 must be approved in a municipal election conducted in accordance with the charter or Title 30, chapter 207, or other applicable law for calling an election in that municipality. The municipality shall cause the required ballots to be prepared on which shall be placed the following question:

“Shall the ordinance or bylaw levying the 2% sales tax on meals and lodging be amended to change the percentage of revenues available for the promotion and encouragement of the vacation-travel, tourism and the tourist and convention industry from _____%
 (Percentage)
 to _____%?”
 (Percentage)

If a majority of the legal voters voting at the referendum are in favor of the change in the percentage to be available for tourism, the municipal officers shall amend its ordinance accordingly. Such change shall be effective at the beginning of the next municipal fiscal year.

STATEMENT OF FACT

This bill authorizes municipalities to adopt a 2% local sales tax on temporary room rentals and on restaurant meals and beverages, including takeout foods. The revenues from such a locally adopted tax would be returned to the municipality, and the municipality is required to set aside some portion of the generated revenues to the promotion and development of the tourist and convention industry.

The initial adoption and any changes in the portion of revenues available for tourist promotion would have to be approved by the voters.