

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 896

6
7 H.P. 707

House of Representatives, February 25, 1983

8 On Motion of Representative Higgins of Portland referred to the
9 Committee on Taxation. Sent up for concurrence and ordered printed.

10 EDWIN H. PERT, Clerk

11 Presented by Representative Cashman of Old Town.

Cosponsors: Senator Violette of Aroostook and Representative Hall of
Sangerville.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT to Shift Part of the Property Tax
18 Burden to the Sales Tax.
19

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

22 Sec. 1. 30 MRSA §2225, sub-§4-A is enacted to
23 read:

24 4-A. State-municipal revenue sharing. It shall
25 contain a statement of the amount of state-municipal
26 revenue sharing received during the municipal fiscal
27 year, pursuant to section 5055, including information
28 relating to the tax rate calculation with and without
29 state-municipal revenue sharing, thus demonstrating
30 the amount of property tax relief.

31 Sec. 2. 30 MRSA §5055, sub-§5, as repealed and
32 replaced by PL 1981, c. 522, §§1 and 2, is repealed
33 and the following enacted in its place:

1 5. Treasurer of State. The Treasurer of State
2 shall transfer on the first day of each month to the
3 Local Government Fund, the following:

4 A. Beginning July 1, 1983, an amount equal to 4%
5 of the receipts from taxes imposed under Title
6 36, sections 1811 and 1861, and Title 36, Part 8,
7 plus an amount equal to \$237,000 of the receipts
8 from the taxes imposed under Title 36, sections
9 1811 and 1861; and

10 B. Beginning October 1, 1983, an amount equal to
11 90% of the receipts from the tax imposed under
12 Title 36, section 1811-B.

13 The Treasurer of State shall distribute the balance
14 in the Local Government Fund on the 20th day of each
15 month, beginning October 20, 1983.

16 Sec. 3. 36 MRSA §1811-B is enacted to read:

17 §1811-B. State-municipal sales tax

18 A tax is imposed at the rate of 1% on the value
19 of all property, services and rentals subject to
20 taxation under sections 1811 and 1861.

21 Sec. 4. 36 MRSA §1812, as amended by PL 1969, c.
22 295, §3, is repealed and the following enacted in its
23 place:

24 §1812. Adding tax to sale price

25 Every retailer shall add the sales tax imposed by
26 chapters 211 to 225, or the average equivalent of
27 that tax, to his sale price, except as otherwise pro-
28 vided, and when added the tax shall constitute a part
29 of the price, shall be a debt of the purchaser to the
30 retailer until paid and shall be recoverable at law
31 in the same manner as the purchase price. When the
32 sale price shall involve a fraction of a dollar, the
33 tax shall be added to the sale price upon the follow-
34 ing schedules:

<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
<u>\$0.01 to \$0.10, inclusive</u>	<u>0¢</u>

1	.11 to .17, inclusive	1¢
2	.18 to .34, inclusive	2¢
3	.35 to .50, inclusive	3¢
4	.51 to .67, inclusive	4¢
5	.68 to .84, inclusive	5¢
6	.85 to .99, inclusive	6¢

7 When the sale price exceeds 99¢, the tax to be
8 added to the price shall be 6¢ for each whole dollar
9 plus the amount indicated in this section for each
10 fractional part of a dollar.

11 When several articles are purchased together and
12 at the same time, the tax shall be computed on the
13 total amount of the several items.

14 Breakage under this section shall be retained by
15 the retailer as compensation for the collection.

16 Sec. 5. 36 MRSA §6108, as amended by PL 1981, c.
17 698, §189, is further amended to read:

18 §6108. Income limitation

19 No claim otherwise allowable may be granted to
20 claimants of single member households with household
21 income in excess of ~~\$5,600 in calendar year 1980 and~~
22 ~~\$6,200 in each succeeding year~~ \$7,200 in the year for
23 which relief is requested; and no claim otherwise
24 allowable may be granted to claimants of households
25 of 2 or more members with income in excess of \$6,700
26 in calendar year 1980 and \$7,400 in each succeeding
27 year \$8,400 in the year for which relief is
28 requested.

29 Sec. 6. 36 MRSA §6110, as amended by PL 1973, c.
30 771, §2, is further amended to read:

31 §6110. Benefit limitation

32 No claim of less than \$5 or more than \$400 shall
33 \$600 may be granted.

34 Sec. 7. **Effective date.** This Act shall take
35 effect October 1, 1983.

1

STATEMENT OF FACT

2 The property tax is an unfair, regressive tax
3 meaning that it imposes a greater burden on lower
4 income individuals than it does on higher income
5 individuals as a percent of income. Maine municipal-
6 ities are much more reliant on property taxes for
7 local revenues than the national average and the bur-
8 den of property taxes is higher in Maine than the
9 national average.

10 The purpose of this bill is to shift part of the
11 burden for financing necessary public services, such
12 as police and fire protection, education and sanita-
13 tion, from the property tax to a broader based state
14 tax. This bill increases the state sales tax by one
15 penny and distributes the money to municipalities
16 through the existing state-municipal revenue sharing
17 program, which current law requires to be used to
18 reduce the local commitment to be raised by property
19 taxes.

20 This bill also increases the income limits for
21 participation in the Elderly Tax and Rent Refund Pro-
22 gram and the maximum rebate under the program from
23 \$400 to \$600.

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