

MAINE STATE LEGISLATURE

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(After Deadline)

FIRST REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

Legislative Document No. 1584

H.P. 1188 House of Representatives, May 9, 1983

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.

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

EDWIN H. PERT, Clerk

Presented by Speaker Martin of Eagle Lake.

Cosponsors: Senator Conley of Cumberland, Representative Livesay of Brunswick and Senator Brown of Washington.

STATE OF MAINE

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

**AN ACT to Repeal the Sales Tax on Meals
and Lodging and to Establish a Meals and
Lodging Tax for the Purpose of Stabilizing
the Property Tax.**

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

Sec. 1. 30 MRSA §5055, sub-§5, as repealed and replaced by PL 1981, c. 522, §§1 and 2, is repealed and the following enacted in its place:

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

A. For the period prior to January 1, 1984, an amount equal to 4% of the receipts from taxes imposed under Title 36, sections 1811, 1821 and

1 1861, and Title 36, Part 8, plus an amount equal
2 to \$237,000 of the receipts from the taxes
3 imposed under Title 36, sections 1811 and 1861;

4 B. For the period from January 1, 1984, to June
5 30, 1984, an amount equal to 5.75% of the
6 receipts from taxes imposed under Title 36, sec-
7 tions 1811, 1821 and 1861, and Title 36, Part 8,
8 plus an amount equal to \$237,000 of the receipts
9 from the taxes imposed under Title 36, sections
10 1811 and 1861; and

11 C. Beginning July 1, 1984, an amount equal to
12 6.75% of the receipts from taxes imposed under
13 Title 36, sections 1811, 1821 and 1861, and Title
14 36, Part 8, plus an amount equal to \$237,000 of
15 the receipts from the taxes imposed under Title
16 36, sections 1811 and 1861.

17 The Treasurer of State shall distribute the balance
18 in the Local Government Fund on the 20th day of each
19 month.

20 Sec. 2. 30 MRSA §5055, sub-§7 is enacted to
21 read:

22 7. Local information. Whenever a municipality
23 issues an annual tax bill to each taxpayer, each bill
24 shall contain a statement or calculation that demon-
25 strates the amount by which the individual's tax has
26 been reduced by the distribution of state-municipal
27 revenue sharing for that municipal fiscal year.

28 Sec. 3. 36 MRSA §1760, sub-§3, as amended by PL
29 1981, c. 163, §3, is repealed and the following
30 enacted in its place:

31 3. Food products for human consumption; sales of
32 food products. The term "food products" shall,
33 except as otherwise provided, include cereals and
34 cereal products; milk and milk products, other than
35 candy and confectionery, but including ice cream;
36 oleomargarine; meat and meat products; fish and fish
37 products; eggs and egg products; vegetable and vege-
38 table products; fruit and fruit products, including
39 pure fruit juices; spices, condiments and salt; sugar
40 and sugar products, other than candy and confection-

1 ery; coffee and coffee substitutes; tea, cocoa and
2 cocoa products, other than candy and confectionery.

3 "Food products" includes spirituous, malt or vinous
4 liquors; soft drinks, sodas or beverages, such as are
5 ordinarily dispensed at bars or soda fountains or in
6 connection therewith. "Food products" includes meals
7 served on or off the premises of the retailer; or
8 drinks or food furnished, prepared or served for con-
9 sumption at tables, chairs or counters or from trays,
10 glasses, dishes or other tableware provided by the
11 retailer.

12 "Food products" does not include medicines, tonics,
13 vitamins and preparations in liquid, powdered, gran-
14 ular, tablet, capsule, lozenge or pill form, sold as
15 dietary supplements or adjuncts, except when sold on
16 the prescription of a physician; and water, including
17 mineral bottled and carbonated waters and ice.

18 This exemption does not apply to products sold to a
19 person for resale through coin-operated vending
20 machines when sold to a person whose gross receipts
21 from the retail sale of tangible personal property
22 derived through sales from vending machines are more
23 than 50% of his gross receipts.

24 Sec. 4. 36 MRSA §1811, first ¶, as amended by PL
25 1977, c. 198, §6, is further amended to read:

26 A tax is imposed at the rate of 5% on the value
27 of all tangible personal property and telephone and
28 telegraph service sold at retail in this State, and
29 upon the rental charged for living quarters in
30 hotels; rooming houses; tourist or trailer camps and
31 the rental charged for automobiles rented on a short-
32 term basis, other than a rental charged to a person
33 engaged in the business of renting automobiles, mea-
34 sured by the sale price, except as in chapters 211 to
35 225 provided. Retailers shall pay such tax at the
36 time and in the manner provided, and it shall be in
37 addition to all other taxes.

38 Sec. 5. 36 MRSA c. 213-A is enacted to read:

39 CHAPTER 213-A

1 MEALS AND LODGING TAX

2 §1821. Meals and lodging tax

3 A tax is imposed at the rate of 7% of the total
4 amount, excluding other taxes, paid for the use or
5 rental of living quarters in hotels, rooming houses,
6 tourist or trailer camps and paid for meals and bev-
7 erages sold in restaurants, including restaurants
8 connected with or part of hotels, rooming houses,
9 tourist or trailer camps.

10 The sale of food products ordinarily sold for
11 immediate consumption on or near the location of the
12 retailer is a taxable sale even though such products
13 are sold on a "takeout" or "to go" order and are ac-
14 tually packaged or wrapped and taken from the prem-
15 ises.

16 This tax is in addition to any other tax permit-
17 ted or required by federal or state law.

18 §1822. Definitions

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

22 1. Meals and beverages sold in restaurants.
23 "Meals and beverages sold in restaurants" includes
24 spirituous, malt or vinous liquors; soft drinks,
25 sodas or beverages, such as are ordinarily dispensed
26 at bars or soda fountains or in connection therewith;
27 meals served on or off the premises of the retailer;
28 or drinks or food furnished, prepared or served for
29 consumption at tables, chairs or counters, or from
30 trays, glasses, dishes or other tableware provided by
31 the retailer.

32 2. Use or rental of living quarters. "Use or
33 rental of living quarters" means the use or rental of
34 living quarters, as defined in section 1752, subsec-
35 tion 6; in a hotel; rooming house; tourist or trailer
36 camp; all as defined in section 1752 and not exempt
37 from tax under section 1760.

38 All other terms have the meaning given in section
39 1752.

1 §1823. Administration

2 The State Tax Assessor shall administer the meals
3 and lodging tax imposed under this chapter. The
4 State Tax Assessor has the same powers and authority
5 as set forth elsewhere in this Part to carry out and
6 enforce the provisions of this chapter.

7 FISCAL NOTE

	<u>1983-84</u>	<u>1984-85</u>
9 Included in Governor's		
10 budget to fund a 1%		
11 increase in municipal		
12 revenue sharing (LD		
13 1354, Part E, Subpart		
14 13)	--	\$ 6,250,000
15 Additional revenue as a		
16 result of 2% increase		
17 in meals and lodging		
18 tax (estimated Septem-		
19 ber 1, 1983 effective		
20 date)	\$ 6,596,000	<u>13,565,000</u>
21 Total resources avail-		
22 able	\$ 6,596,000	\$19,815,000
23 Cost to increase munic-		
24 ipal revenue sharing to		
25 5.75% (January 1, 1984)		
26 and to 6.75% in 1984-85	<u>\$ 5,329,500</u>	<u>\$18,119,000</u>
27 Balance available for		
28 other General Fund pur-		
29 poses	\$ 1,266,500	\$ 1,696,000
30 TOTAL		\$ 2,962,500
31		

32 STATEMENT OF FACT

33 The purpose of this bill is to help stabilize the
34 local property tax.

1 Section 1 provides for an increase in the moneys
2 to be distributed to municipalities through the
3 state-municipal revenue sharing program from the cur-
4 rent 4% to 5.75% effective January 1, 1984, and to
5 6.75%, July 1, 1984. These percentages would be
6 based upon the receipts by the State from the sales
7 and use tax, the new meals and lodging tax which is
8 established by this bill, and the corporate and per-
9 sonal income taxes.

10 Section 2 provides that when individual tax bills
11 are sent by a municipality, the tax bill shall
12 include a statement or calculation that demonstrates
13 the reduction in the individual's property tax which
14 was made possible by the receipt of state-municipal
15 revenue sharing funds.

16 Sections 3 and 4 amend the current sales and use
17 tax laws to provide that those items which will be
18 subject to the new meals and lodging tax shall not be
19 subject to the state sales and use tax.

20 Section 5 establishes a meals and lodging tax set
21 at 7%.

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