

MAINE STATE LEGISLATURE

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(After Deadline)

SECOND REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

Legislative Document

No. 2303

H.P. 1737

House of Representatives, March 19, 1984

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.

Cosponsor: Senator Conley of Cumberland.

STATE OF MAINE

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

AN ACT to Repeal the Sales Tax on Meals
and Lodging and to Establish a Meals and
Lodging Tax for the Purposes of Stabilizing
the Property Tax and Promoting Tourism.

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Sec. 1. 30 MRSA §5055, sub-§5, as repealed and replaced by PL 1981, c. 522, §§1 and 2, is repealed and the following enacted in its place: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. An amount equal to 5 3/4% of the receipts from taxes imposed under Title 36, sections 1811, 1821 and 1861, and Title 36, Part 8, and credited to the General Fund, plus an amount equal to \$237,000 of the receipts from the taxes imposed under Title 36, sections 1811 and 1861, shall be transferred by the Treasurer of State to the Local Government Fund on the first day of each month.

1 The Treasurer of State shall distribute the balance
2 in the Local Government Fund on the 20th day of each
3 month.

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

6 7. Taxpayer information. Whenever a municipali-
7 ty issues an annual tax bill to each taxpayer, each
8 bill shall contain a statement or calculation that
9 demonstrates the amount by which the individual's tax
10 has been reduced by the distribution of
11 state-municipal revenue sharing for that municipal
12 fiscal year.

13 Sec. 3. 36 MRSA §1760, sub-§3, as amended by PL
14 1981, c. 163, §3, is further amended to read:

15 3. Food products for human consumption. Sales of
16 food products. The term "food products" shall, except
17 as otherwise provided, include cereals and cereal
18 products; milk and milk products, other than candy
19 and confectionery, but including ice cream; oleomar-
20 garine; meat and meat products; fish and fish
21 products; eggs and egg products; vegetable and vege-
22 table products; fruit and fruit products, including
23 pure fruit juices; spices, condiments and salt; sugar
24 and sugar products other than candy and confection-
25 ery; coffee and coffee substitutes; tea, cocoa and
26 cocoa products, other than candy and confectionery.

27 "Food products" shall not include spirituous, malt or
28 vinous liquors; soft drinks, sodas or beverages such
29 as are ordinarily dispensed at bars or soda fountains
30 or in connection therewith; medicines, tonics, vita-
31 mins and preparations in liquid, powdered, granular,
32 tablet, capsule, lozenge or pill form, sold as die-
33 tary supplements or adjuncts, except when sold on the
34 prescription of a physician; water, including mineral
35 bottled and carbonated waters and ice.

36 "Food products" shall not include meals served on or
37 off the premises of the retailer; or drinks or food
38 furnished, prepared or served for consumption at ta-
39 bles, chairs or counters, or from trays, glasses,
40 dishes or other tableware provided by the retailer.

1 "Food products," for the purposes of this subsection,
2 shall include meals; spirituous, malt or vinous li-
3 quors; soft drinks, sodas or beverage served on or
4 off the premises of the retailer, which are subject
5 to tax pursuant to section 1821.

6 This exemption does not apply to products sold to a
7 person for resale through coin-operated vending ma-
8 chines when sold to a person whose gross receipts
9 from the retail sale of tangible personal property
10 derived through sales from vending machines are more
11 than 50% of his gross receipts.

12 The sale of food products ordinarily sold for immedi-
13 ate consumption on or near the location of the re-
14 tailer is a taxable sale even though such products
15 are sold on a "take out" or "to go" order and are ac-
16 tually packaged or wrapped and taken from the
17 premises-

18 Sec. 4. 36 MRS §1811, first ¶ is amended to
19 read:

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

32 Sec. 5. 36 MRS c. 214 is enacted to read:

33 CHAPTER 214

34 MEALS AND LODGING TAX

35 §1821. Meals and lodging tax

36 A tax is imposed at the rate of 7% on retail
37 sales of food products ordinarily sold for immediate
38 consumption on or near the location of the retailer

1 and rental of living quarters in hotels, rooming
2 houses, tourist or trailer camps.

3 The sale of food products ordinarily sold for im-
4 mediate consumption on or near the location of the
5 retailer is a taxable sale even though such products
6 are sold on a "takeout" or "to go" order and are ac-
7 tually packaged or wrapped and taken from the
8 premises.

9 Sales of food and beverage products through coin-
10 operated vending machines are exempt from the tax im-
11 posed by this section. Such sales shall be taxed
12 pursuant to the relevant provisions of chapters 211
13 to 225.

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

16 §1822. Definitions

17 As used in this chapter, unless the context oth-
18 erwise indicates, the following terms have the fol-
19 lowing meanings.

20 1. Food products ordinarily sold for immediate
21 consumption. "Food products ordinarily sold for im-
22 mediate consumption" includes spirituous, malt or vi-
23 nous liquors; soft drinks, sodas or beverages, such
24 as are ordinarily dispensed at bars or soda fountains
25 or in connection therewith; or drinks or food fur-
26 nished, prepared or served for consumption at tables,
27 chairs or counters, or from trays, glasses, dishes or
28 other tableware provided by the retailer.

29 2. Rental of living quarters. "Rental of living
30 quarters" means the rental of living quarters, as de-
31 fin ed in section 1752, subsection 6, in a hotel,
32 rooming house, tourist or trailer camp, all as de-
33 fin ed in section 1752 and not exempt from tax under
34 section 1760.

35 All other terms have the meaning given in section
36 1752.

37 §1823. Adding tax to sale

1 Every retailer shall add the tax imposed by this
2 chapter to his sale price, except as otherwise pro-
3 vided, and when added the tax shall constitute a part
4 of the price, shall be a debt of the purchaser to the
5 retailer until paid and shall be recoverable at law
6 in the same manner as the purchase price. When the
7 sale price shall involve a fraction of a dollar, the
8 tax shall be added to the sale price upon the follow-
9 ing schedules:

10	<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
11	<u>\$0.01 to \$0.07, inclusive</u>	<u>0</u>
12	<u>.08 to .21, inclusive</u>	<u>1</u>
13	<u>.22 to .35, inclusive</u>	<u>2</u>
14	<u>.36 to .49, inclusive</u>	<u>3</u>
15	<u>.50 to .64, inclusive</u>	<u>4</u>
16	<u>.65 to .78, inclusive</u>	<u>5</u>
17	<u>.79 to .92, inclusive</u>	<u>6</u>
18	<u>.93 to 1.00, inclusive</u>	<u>7</u>

19 When the sale price exceeds \$1.00, the tax to be
20 added to the price shall be 7¢ for each whole dollar
21 plus the amount indicated above for each fractional
22 part of a dollar.

23 When several articles are purchased at the same
24 time, the tax shall be computed on the total amount
25 of the several items.

26 Breakage under this section shall be retained by
27 the retailer as compensation for the collection.

28 §1824. Administration

29 The State Tax Assessor shall administer the meals
30 and lodging tax imposed under this chapter. The
31 State Tax Assessor has the same powers and authority
32 as set forth elsewhere in this Title to carry out and
33 enforce the provisions of this chapter.

1 §1825. Tourism promotion

2 The Treasurer of State shall transfer on the
3 first day of each month, \$100,000 of the receipts
4 from the tax imposed by this chapter to a special ac-
5 count for use by the Division of Tourism in the State
6 Development Office for the promotion of tourism in
7 Maine, beginning October 1, 1984.

8 Sec. 6. Effective date. Sections 3, 4 and 5 of
9 this Act shall take effect on August 1, 1984. Sec-
10 tions 1 and 2 shall take effect on October 1, 1984.

11 STATEMENT OF FACT

12 The purpose of this bill is to help stabilize the
13 local property tax and to provide funding for tourism
14 promotion.

15 Section 1 provides for an increase in the moneys
16 to be distributed to municipalities through the
17 state-municipal revenue sharing program from the cur-
18 rent 4% to 5 3/4% effective October 1, 1984. These
19 percentages would be based upon the receipts by the
20 State from the sales and use tax, the new meals and
21 lodging tax which is established by this bill and the
22 corporate and personal income taxes.

23 Section 2 provides that when individual tax bills
24 are sent by a municipality, the tax bill shall in-
25 clude a statement or calculation that demonstrates
26 the reduction in the individual's property tax which
27 was made possible by the receipt of state-municipal
28 revenue sharing funds.

29 Sections 3 and 4 amend the current sales and use
30 tax laws to provide that those items which will be
31 subject to the new meals and lodging tax shall not be
32 subject to the state sales and use tax.

33 Section 5 establishes a meals and lodging tax set
34 at 7%. This section transfers part of the tax re-
35 cepts to the State Development Office for tourism
36 promotion.

37 Section 6 establishes that the 7% meals and lodg-

1 ing tax shall take effect on August 1, 1984.

	<u>1984-85</u>
2	
3 Additional revenue as a result	\$10,600,000
4 of 2% increase in meals and	
5 lodging tax (effective August	
6 1, 1984)	
7 Cost to increase municipal	9,255,000
8 revenue sharing to 5.75% (ef-	
9 fective October 1, 1984)	
10 Cost to fund tourism promotion	900,000
11 activities	
12 Gain (loss) to General Fund	560,000
13 Fiscal Year 1984-85	
14	6143031384