

# MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION  
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE  
4

5 Legislative Document

No. 393

7 H.P. 304

House of Representatives, January 31, 1985

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

10 EDWIN H. PERT, Clerk

Presented by Representative McGowan of Canaan.

11 Cosponsored by Representative Joseph of Waterville, Representative  
Webster of Cape Elizabeth and Senator Diamond of Cumberland.

12 STATE OF MAINE  
13

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

17 AN ACT Concerning the Collection of Sales  
18 Tax.  
19

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

22 36 MRSA §1951-A is enacted to read:

23 §1951-A. Collection allowance for payment when taxes  
24 due

25 1. Deduction of collection allowances. Except  
26 as provided in subsection 2, a retailer who pays the  
27 retail sales or use tax imposed by chapters 211 to  
28 225 shall be entitled to deduct from the amount of  
29 the tax for which he is liable in a reporting period,  
30 and which is actually paid, a collection allowance of  
31 3%, not to exceed \$15,000 per retailer in any calen-  
32 dar year. The State Tax Assessor may deny a taxpayer  
33 the benefits of this section for the reporting period  
34 in which the taxpayer fails to pay the full tax when  
35 due or fails to comply with the requirements of chap-  
36 ters 211 to 225.

1 2. A utility may not deduct the collection al-  
2 lowance provided in subsection 1 on sales of elec-  
3 tricity, natural gas or intrastate telephone service.

4 STATEMENT OF FACT

5 The collection and reporting of sales and use  
6 taxes imposes administrative costs on retailers, who  
7 are acting as revenue agents for the State, and these  
8 costs can be especially burdensome to small retailers  
9 who sell exempt and nonexempt goods. About half the  
10 states that have a sales tax provide for collection  
11 allowances. This bill permits retailers who make  
12 timely payments to the State to retain a percentage  
13 of the amount of tax collected to cover administra-  
14 tive expenses. A cap is placed on the amount any re-  
15 tailer can retain in a year.

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