

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 993

6
7 H.P. 698

House of Representatives, March 12, 1985

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

10 EDWIN H. PERT, Clerk

Presented by Representative Høglund of Portland.

11 Cosponsored by Representative Boutilier of Lewiston and Senator
Najarian of Cumberland.

12 STATE OF MAINE
13

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

17 AN ACT Relating to Meals and Lodging Tax.
18

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

21 Sec. 1. 30 MRSA §5055, sub-§5, as amended by PL
22 1983, c. 855, §2, is repealed and the following en-
23 acted in its place:

24 5. Treasurer of State. The Treasurer of State
25 shall, on the first day of each month, transfer to
26 the Local Government Fund 1/4 of the receipts from
27 the tax imposed under Title 36, Part 3-A, plus
28 \$237,000 of the receipts under Title 36, Part 3, plus
29 5.1% of the following:

30 A. The receipts under Title 36, Part 3;

31 B. The receipts under Title 36, Part 8; and

32 C. Five-eighths of the receipts from the tax im-
33 posed under Title 36, Part 3-A.

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. 36 MRSA §1760, sub-§3, as amended by PL
5 1981, c. 163, §3, is further amended to read:

6 3. Food products for human consumption. Sales of
7 food products. The term "food products" shall, except
8 as otherwise provided, include cereals and cereal
9 products; milk and milk products, other than candy
10 and confectionery, but including ice cream; oleomar-
11 garine; meat and meat products; fish and fish
12 products; eggs and egg products; vegetable and vege-
13 table products; fruit and fruit products, including
14 pure fruit juices; spices, condiments and salt; sugar
15 and sugar products other than candy and confection-
16 ery; coffee and coffee substitutes; tea, cocoa and
17 cocoa products, other than candy and confectionery.

18 "Food products" shall not include spirituous, malt or
19 vinous liquors; soft drinks, sodas or beverages such
20 as are ordinarily dispensed at bars or soda fountains
21 or in connection therewith; medicines, tonics, vita-
22 mins and preparations in liquid, powdered, granular,
23 tablet, capsule, lozenge or pill form, sold as die-
24 tary supplements or adjuncts, except when sold on the
25 prescription of a physician; water, including mineral
26 bottled and carbonated waters and ice.

27 "~~Food products~~" shall not include meals served on or
28 off the premises of the retailer; or drinks or food
29 furnished; prepared or served for consumption at ta-
30 bles; chairs or counters; or from trays; glasses;
31 dishes or other tableware provided by the retailer.

32 "Food products," for the purposes of this subsection,
33 shall include food; spirituous, malt or vinous li-
34 quors; soft drinks, sodas or beverages served on or
35 off the premises of the retailer, which are subject
36 to tax pursuant to section 2151.

37 This exemption does not apply to products sold to a
38 person for resale through coin-operated vending ma-
39 chines when sold to a person whose gross receipts
40 from the retail sale of tangible personal property
41 derived through sales from vending machines are more
42 than 50% of his gross receipts.

1 The sale of food products ordinarily sold for immedi-
2 ate consumption on or near the location of the re-
3 tailer is a taxable sale even though such products
4 are sold on a "take out" or "to go" order and are ac-
5 tually packaged or wrapped and taken from the
6 premises-

7 Sec. 3. 36 MRSA §1811, first ¶, as amended by PL
8 1983, c. 859, Pt. M, §§7 and 13, is further amended
9 to read:

10 A tax is imposed at the rate of 5% on the value
11 of all tangible personal property, on telephone and
12 telegraph service and on extended cable television
13 service sold at retail in this State, and upon the
14 rental charged for ~~living quarters in hotels, rooming~~
15 ~~houses, tourist or trailer camps and the rental~~
16 ~~charged for~~ automobiles rented on a short-term basis,
17 other than a rental charged to a person engaged in
18 the business of renting automobiles, measured by the
19 sale price, except as in chapters 211 to 225 pro-
20 vided. Retailers shall pay such tax at the time and
21 in the manner provided, and it shall be in addition
22 to all other taxes.

23 Sec. 4. 36 MRSA Pt. 3-A is enacted to read:

24 PART 3-A

25 MEALS AND LODGING

26 CHAPTER 301

27 MEALS AND LODGING TAX

28 §2151. Meals and lodging tax

29 A tax is imposed at the rate of 8% on retail
30 sales of food products ordinarily sold for immediate
31 consumption on or near the location of the retailer,
32 and on rental of living quarters in hotels, rooming
33 houses, tourist or trailer camps.

34 The sale of food products ordinarily sold for im-
35 mediate consumption on or near the location of the
36 retailer is a taxable sale even though these products
37 are sold on a "takeout" or "to go" order and are ac-

1 tually packaged or wrapped and taken from the
2 premises.

3 Sales of food and beverage products through coin-
4 operated vending machines are exempt from the tax im-
5 posed by this section. These sales shall be taxed
6 pursuant to the relevant provisions of chapters 211
7 to 225.

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

10 §2152. Definitions

11 As used in this chapter, unless the context oth-
12 erwise indicates, the following terms have the fol-
13 lowing meanings.

14 1. Food products ordinarily sold for immediate
15 consumption. "Food products ordinarily sold for im-
16 mediate consumption" includes spirituous, malt or vi-
17 nous liquors; soft drinks, sodas or beverages, such
18 as are ordinarily dispensed at bars or soda fountains
19 or in connection with bars or soda fountains; or
20 drinks or food furnished, prepared or served for con-
21 sumption at tables, chairs or counters, or from
22 trays, glasses, dishes or other tableware provided by
23 the retailer.

24 2. Rental of living quarters. "Rental of living
25 quarters" means the rental of living quarters, as de-
26 fin ed in section 1752, subsection 6, in a hotel,
27 rooming house, tourist or trailer camp, as defined in
28 section 1752 and not exempt from tax under section
29 1760.

30 All other terms have the meanings given in sec-
31 tion 1752.

32 §2153. Adding tax to sale

33 Every retailer shall add the tax imposed by this
34 chapter to his sale price, except as otherwise pro-
35 vided. The tax is a part of the price and a debt of
36 the purchaser to the retailer until paid. It may be
37 recovered at law in the same manner as the purchase
38 price. When the sale price involves a fraction of a

1 dollar, the tax shall be added to the sale price ac-
2 ording to the following schedules:

	<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
4	<u>\$0.01 to \$0.07, inclusive</u>	<u>0¢</u>
5	<u>.08 to .19, inclusive</u>	<u>1¢</u>
6	<u>.20 to .31, inclusive</u>	<u>2¢</u>
7	<u>.32 to .43, inclusive</u>	<u>3¢</u>
8	<u>.44 to .56, inclusive</u>	<u>4¢</u>
9	<u>.57 to .68, inclusive</u>	<u>5¢</u>
10	<u>.69 to .81, inclusive</u>	<u>6¢</u>
11	<u>.82 to .93, inclusive</u>	<u>7¢</u>
12	<u>.94 to 1.00, inclusive</u>	<u>8¢</u>

13 When the sale price exceeds \$1, the tax is 8¢ for
14 each whole dollar plus the amount indicated in this
15 section for each fractional part of a dollar.

16 When several articles are purchased at the same
17 time, the tax shall be computed on the total amount
18 of the items.

19 The retailer shall retain breakage under this
20 section as compensation for collection.

21 §2154. Administration

22 The State Tax Assessor shall administer the meals
23 and lodging tax imposed under this chapter. The
24 State Tax Assessor has the same powers and authority
25 as set forth elsewhere in this Title to carry out and
26 enforce this chapter.

27 §2155. Distribution of revenues

28 On the first day of each month, the Treasurer of
29 State shall transfer 1/4 of the receipts from the tax
30 imposed by this chapter to the Local Government Fund
31 and 1/8 of the receipts from the tax imposed by this
32 chapter to a special account for use by the Division
33 of Tourism in the State Development Office for the
34 promotion of tourism in Maine. The remainder of the
35 receipts shall be deposited in the General Fund.

36 Sec. 5. Effective date. This Act shall take ef-
37 fect October 1, 1985.

1 STATEMENT OF FACT

2 The purpose of this bill is to provide revenues
3 to relieve the burden on the local property tax and
4 to promote tourism in Maine.

5 This bill establishes, effective October 1, 1985,
6 a tax on meals and lodging that would be 3¢ higher
7 than the current sales tax on those items. The tax
8 will be statewide and will be administered by the
9 State Tax Assessor.

10 From the receipts of the meals and lodging tax,
11 2¢ of the extra 3¢ would be used to increase local
12 revenue sharing and 1¢ of the 3¢ would be used to
13 fund tourism promotion so that owners of meals and
14 lodging facilities would gain increased patronage
15 from increased tourism.

16 It is estimated that this bill will result in an
17 annual increase in revenue sharing of approximately
18 \$17,000,000 and increased funds for tourism promotion
19 of approximately \$8,000,000

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