

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1081

H.P. 807 House of Representatives, April 2, 1987
Reference to the Committee on Taxation suggested and
ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative SOUCY of Kittery.

Cosponsored by Senator TWITCHELL of Oxford and
Representative SEAVEY of Kennebunkport.

STATE OF MAINE

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

1 AN ACT to Permit a Local Option Sales Tax.
2

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

5 36 MRS A §1815 is enacted to read:

6 §1815. Local option sales and use tax

7 1. Municipalities authorized to adopt. The leg-
8 islative body of any municipality may impose a local
9 sales and use tax of not more than 1% on all transac-
10 tions subject to the tax otherwise imposed under this
11 Part.

12 2. Notify State Tax Assessor. A municipality
13 which imposes a local sales and use tax under this
14 section shall notify the State Tax Assessor at least

1 90 days before the local tax is effective to provide
2 the State with sufficient time to prepare for admin-
3 istration of the local tax.

4 3. Administered by the State. Retailers in a
5 municipality imposing a local sales and use tax under
6 this section shall pay the tax at the time and in the
7 manner provided, for the payment of state sales and
8 use tax imposed under this Part and it shall be in
9 addition to all other taxes.

10 4. Payment to municipalities. Each month the
11 State Tax Assessor shall identify the amount of reve-
12 nuue attributable to each municipality under this sec-
13 tion, subtract his costs of administering this sec-
14 tion and certify the net amount due each municipality
15 to the Treasurer of State. The Treasurer of State
16 shall make monthly payments of the amounts certified
17 by the State Tax Assessor.

18 5. Use of local sales and use tax revenue. The
19 revenue raised by the adoption of a local sales and
20 use tax must be used by the municipality to reduce
21 the property tax burden imposed in that municipality.

22 STATEMENT OF FACT

23 This bill allows municipalities to adopt a local
24 sales and use tax. The tax cannot exceed 1%. The
25 legislative body of the municipality is the entity
26 which can choose whether or not to adopt such a tax.

27 The tax will apply to the sales of the same goods
28 and services to which the state sales and use tax ap-
29 plies.

30 All the provisions regarding assessment, collec-
31 tion and enforcement of the state sales and use tax
32 also apply to the local sales and use tax. The State
33 shall assess and collect the local sales and use tax
34 along with the state sales and use tax and return the
35 revenue raised to the municipality. The municipality
36 must notify the State Tax Assesor at least 90 days
37 before the local tax goes into effect. This will
38 give the State time to set up the procedures for ad-
39 ministering the local tax.

1 The State Tax Assessor will determine how much
2 revenue is raised through each municipality's local
3 sales and use tax each month. He will then subtract
4 his administration costs due to the local sales and
5 use tax and certify how much should be returned to
6 each municipality. The Treasurer of State shall pay
7 that amount to the municipalities each month.

8 The municipality must use the additional revenue
9 to reduce the property tax burden in that municipali-
10 ty.

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