

## FIRST REGULAR SESSION

## ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1225

H.P. 913 House of Representatives, April 10, 1987 Reference to the Committee on Taxation suggested and ordered printed.

EDWIN H. PERT, Clerk Presented by Representative VOSE of Eastport. Cosponsored by Representative CASHMAN of Old Town, Senators TWITCHELL of Oxford and DOW of Kennebec.

## STATE OF MAINE

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

Be it enacted follows:	l by the P	eople of	the State	e of Ma	aine a
36 MRSA c	. 8 is en	acted to	read:		,
	!	CHAPTER 8	•	.'	
	LOCAL	OPTION 1	AXES		14 - <u>1</u> 1
§194. County	local op	tion taxe	S		

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1 2 3 4 5	1. Procedure. A county may adopt a local tax if it is approved by the same procedure required for the county budget. A county adopting a local tax shall notify the State Tax Assessor at least 90 days prior to the effective implementation date of the tax.
6 7 8 9 10	2. Limitation. A county may choose to adopt a sales tax not exceeding 2% on all sales which are subject to the state sales tax or an income tax surcharge not exceeding 10% of the state income tax, or both.
11 12 13 14 15 16	3. Administration. The State Tax Assessor shall collect the taxes authorized by this chapter, identi- fy the amount attributable to each county and, after deducting the costs of administration, pay revenues attributable to each county on a monthly basis to the appropriate county.
17 18 19 20 21 22 23	4. Use of revenues. The revenues received by a county under this section shall be used to reduce the county tax. Any additional revenues may be distributed to municipalities and the unorganized territory within the county in proportion to the municipality's or the unorganized territory's share of the total state valuation for the county.
24	STATEMENT OF FACT
25	This bill permits counties to adopt a local op-

tion sales or income tax. The sales tax would be limited to 2% of sales price and the income tax would be limited to 10% of the state income tax. The taxes would piggyback onto the state sales and income tax and be administered by the State. After deducting costs of administration, the State would return revenues to the appropriate county.

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Revenues from the county option tax would be used to reduce the county tax and could also be used to provide a portion of the revenues to municipalities within the county to assist in reducing the local property tax.

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