

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1337

H.P. 991 House of Representatives, April 23, 1987  
Reference to the Committee on Taxation suggested and  
ordered printed.

EDWIN H. PERT, Clerk  
Presented by Representative NUTTING of Leeds.  
Cosponsored by Representatives SMITH of Island Falls,  
THISTLE of Dover-Foxcroft and JOSEPH of Waterville.

STATE OF MAINE

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

1 AN ACT to Increase Maine's Sales Tax to 6%  
2 and to use the Funds Generated to  
3 Support the University of Maine System,  
4 the Maine Vocational-Technical Institute  
5 System and Immediately Increase the State's  
6 Share of Education Funding to 65%.  
7

8 Be it enacted by the People of the State of Maine as  
9 follows:

10 Sec. 1. 5 MRSA §1664-A is enacted to read:

11 §1664-A. Educational funding

12 The budget document shall include a total appro-  
13 riation or allocation of \$245,000,000 for the bien-  
14 niun to the University of Maine System and a total  
15 appropriation or allocation of \$38,000,000 for the

1 biennium to the Maine Vocational-Technical Institute  
2 System.

3 **Sec. 2. 20-A MRSA §15602, sub-§1, as amended by**  
4 **PL 1985, c. 505, §12, is further amended to read:**

5 1. Contributions from General Fund. It is the  
6 intent of the Legislature to provide at least 55% of  
7 the cost of the total allocation from General Fund  
8 revenue sources or a percentage no less than that  
9 provided in the year prior to the year of allocation,  
10 whichever is greater.

11 The amount of the teacher recognition grants autho-  
12 rized in section 13503-A which are paid or deemed eli-  
13 gible to be paid on August 15, 1986, shall be added  
14 to the actual local operating costs expended by local  
15 units in 1986-87. The minimum amount of the cost of  
16 the total allocation from General Fund revenue  
17 sources for 1988-89 shall be increased by the total  
18 amount expended by the State in 1986-87 for teacher  
19 recognition grants in accordance with section 13503-A  
20 and block grants in accordance with section 13509.  
21 The resulting percentage shall be used to define the  
22 minimum percentage contribution from General Fund  
23 revenue sources in 1988-89 and subsequent years.  
24 This minimum percentage contribution from General  
25 Fund revenue sources shall not be less than 65% for  
26 1988-89 and subsequent years.

27 **Sec. 3. 36 MRSA §1811, first ¶, as amended by PL**  
28 **1985, c. 783, §5, is further amended to read:**

29 A tax is imposed on retail sales at the rate of  
30 5% 6% on the value of all tangible personal property,  
31 on telephone and telegraph service, on extended cable  
32 television service, and on fabrication services, and  
33 at the rate of 7% on the value of the rental charged  
34 for living quarters in hotels, rooming houses, tour-  
35 ist or trailer camps, and the rental charged for au-  
36 tomobiles rented on a short-term basis, other than a  
37 rental charged to a person engaged in the business of  
38 renting automobiles measured by the sale price, ex-  
39 cept as in chapters 211 to 225 provided. Retailers  
40 shall pay such tax at the time and in the manner pro-  
41 vided, and it shall be in addition to all other  
42 taxes.



1 Maine Vocational-Tech-  
2 nical Institute System

3 All Other \$4,000,000

4  
5 TOTAL \$86,618,750

6 Sec. 6. Allocation. The following funds are al-  
7 located from other special revenue funds to carry out  
8 the purposes of this Act.

9 1987-88 1988-89

10 TREASURER OF STATE, OF-  
11 ICE OF

12 State - Municipal Rev-  
13 enue Sharing

14 All Other \$2,831,075 \$4,673,157

15 Sec. 7. Effective date. Sections 5 and 6 of  
16 this Act shall take effect October 1, 1988.

17 STATEMENT OF FACT

18 This bill raises the sales tax to 6%. The addi-  
19 tional revenue will be used, in part, to improve ex-  
20 isting educational funding. The State's share of  
21 school funding will be raised to 65% of the total  
22 cost; the University of Maine System will receive an  
23 additional \$24,000,000 and the Maine Vocational-Tech-  
24 nical Institute System will also receive an addition-  
25 al \$4,000,000. The current method of raising revenue  
26 for education solely through the property tax, places  
27 a heavy burden on property owners. This bill pro-  
28 vides a fundamental change in the way the State sup-  
29 ports education. By raising the sales tax by 1%, the  
30 burden of educational funding on property owners will  
31 be alleviated.

32 0740041087