

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

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Legislative Document

No. 195

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H.P. 143

House of Representatives, February 15, 1989

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative LAWRENCE of Kittery.

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STATE OF MAINE

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

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An Act to Permit Municipalities to Have the Option of a Local Sales  
Tax.

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

3 36 MRS §1815 is enacted to read:

5 §1815. Local option sales and use tax

7 1. Municipalities authorized to adopt. The legislative  
8 body of any municipality may impose a local sales and use tax on  
9 all transactions subject to the tax imposed under this section.  
10 The municipality may choose to impose a sales and use tax of  
11 either .5% or 1%.

13 2. Notify State Tax Assessor. A municipality which imposes  
14 a local sales and use tax under this section shall notify the  
15 State Tax Assessor at least 90 days before the local tax is  
16 effective to provide the State with sufficient time to prepare  
17 for administration of the local tax.

19 3. Administered by State. Retailers in a municipality  
20 which have imposed a local sales and use tax under this section  
21 shall pay the tax at the time and in the manner provided for the  
22 payment of state sales and use taxes and this tax shall be in  
23 addition to all other taxes.

25 4. Payment to municipalities. Each month the State Tax  
26 Assessor shall identify the amount of revenue attributable to  
27 each municipality under this section, subtract the costs of  
28 administering this section and certify the net amount due each  
29 municipality to the Treasurer of State. The Treasurer of State  
30 shall make monthly payments of the amounts certified by the State  
31 Tax Assessor.

33 5. Use of local sales and use tax revenue. The revenue  
34 raised by the adoption of a local sales and use tax must be used  
35 by the municipality to reduce the property tax burden imposed in  
36 that municipality.

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40 **STATEMENT OF FACT**

41

42 This bill allows municipalities to adopt a local sales and  
43 use tax. The municipality may choose to impose either a .5% or  
44 1% tax. The legislative body of the municipality is the entity  
45 which can choose whether or not to adopt such a tax.

47

The tax will apply to the sales of the same goods and  
48 services to which the state sales and use tax applies.

49

50 All the provisions regarding assessment, collection and  
51 enforcement of the state sales and use tax also apply to the  
local sales and use tax. The State shall assess and collect the

1 local sales and use tax along with the state sales and use tax  
and return the revenue raised to the municipality. The  
3 municipality must notify the State Tax Assessor at least 90 days  
before the local tax goes into effect. This will give the State  
5 time to set up the procedures for administering the local tax.

7 The State Tax Assessor will determine how much revenue is  
raised through each municipality's local sales and use tax each  
9 month. The State Tax Assessor will then subtract the  
administration costs due to the local sales and use tax and  
11 certify how much should be returned to each municipality. The  
Treasurer of State shall pay that amount to the municipalities  
13 each month.

15 The municipality must use the additional revenue to reduce  
the property tax burden in that municipality.  
17