

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 606

H.P. 441

House of Representatives, March 6, 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.

Cosponsored by Representative SEAVEY of Kennebunkport and Representative DiPIETRO of South Portland.

STATE OF MAINE

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

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



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

3 36 MRSA §1815 is enacted to read:

5 §1815. Local option sales and use tax

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

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

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

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

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

39
41 **STATEMENT OF FACT**

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

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

51 All the provisions regarding assessment, collection and
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
2 and return the revenue raised to the municipality. The
3 municipality must notify the State Tax Assessor at least 90 days
4 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
8 raised through each municipality's local sales and use tax each
9 month. The State Tax Assessor will then subtract the
10 administration costs due to the local sales and use tax and
11 certify how much should be returned to each municipality. The
12 Treasurer of State shall pay that amount to the municipalities
13 each month.

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