

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

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Legislative Document

No. 830

H.P. 606

House of Representatives, March 17, 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 KETOVER of Portland.

Cosponsored by Senator CLARK of Cumberland, Representative DiPIETRO of South Portland and Representative DUFFY of Bangor.

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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 Allow Municipalities to Impose an Optional Sales Tax.**

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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 tax

7 1. Municipalities authorized to adopt. The legislative  
8 body of any municipality may impose a local sales tax of not more  
9 than 1¢ per dollar on all transactions subject to the tax  
10 otherwise imposed under this Part.

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

16 3. Administered by the State. Retailers in a municipality  
17 that imposes a local sales tax under this section shall pay the  
18 tax at the time and in the manner provided for the payment of  
19 state sales tax imposed under this Part and it shall be in  
20 addition to all other taxes.

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

28 5. Use of local sales tax revenue. The revenue raised by  
29 the adoption of a local sales tax must be used by the  
30 municipality to reduce the property tax burden imposed in that  
31 municipality.

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39 **STATEMENT OF FACT**

40 This bill allows municipalities to adopt a local sales tax  
41 not to exceed 1¢ per dollar. The legislative body of the  
42 municipality may choose whether or not to adopt such a tax. The  
43 tax will apply to the sales of the same goods and services to  
44 which the state sales tax applies.

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47 All the provisions regarding assessment, collection and  
48 enforcement of the state sales tax also apply to the local sales  
49 tax. The State shall assess and collect the local sales tax  
50 along with the state sales tax and return the revenue raised to  
51 the municipality. The municipality must notify the State Tax  
Assessor at least 90 days before imposing the local tax. This

1 gives the State time to set up the procedures for administering  
the local tax.

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

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

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