

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1101

H.P. 789

House of Representatives, April 11, 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 MITCHELL of Freeport.

Cosponsored by Representative LAWRENCE of Kittery, Representative
DiPIETRO of South Portland and Senator CLARK of Cumberland.

STATE OF MAINE

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

An Act to Create a Local Option Sales Tax.



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

3 Sec. 1. 36 MRSA §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 1¢.

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

17
18 3. Administered by State. Retailers in a municipality
19 which has imposed a local sales and use tax under this section
20 shall pay the tax at the time and in the manner provided for the
21 payment of state sales and use taxes and this tax shall be in
22 addition to all other taxes.

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

31
32 5. Use of local sales and use tax revenue. The revenue
33 raised by the adoption of a local sales and use tax be used by
34 the municipality to reduce the property tax burden imposed in
35 that municipality.

36
37 Sec. 2. Referendum; effective date. This Act shall be submitted
38 to the legal voters of a town that seeks to impose a local option
39 sales and use tax at the regular town meeting in 1990 or at a
40 special town meeting to be called and held for the purpose
41 following approval of this Act. That special town meeting shall
42 be called, advertised and conducted according to the law relating
43 to municipal elections; provided, however, that the selectmen of
44 the town shall not be required to prepare for posting, nor the
45 town clerk to post, a new list of voters and for the purpose of
46 registration of voters the board of voter registration shall be
47 in session on the secular day next preceding the special
election. The town clerk of the town shall prepare the required

1 ballots, on which the clerk shall reduce the subject matter of
3 this Act to the following question:

5 "Do you favor a local option sales and use tax in the amount
7 of 1¢?"

9 The voters shall indicate by a cross or check mark placed
11 against the words "Yes" or "No" their opinion of the same.

13 This Act shall take effect 120 days after the town meeting
15 provided it is accepted by a majority of the legal voters voting
17 at the election; and further provided that the total number of
19 votes cast for and against the acceptance of this Act equals or
21 exceeds 20% of the total vote for all candidates for Governor
23 cast in the town at the next previous gubernatorial election.

25 The result of the vote shall be declared by the municipal
27 officers of the town and due certificate thereof shall be filed
29 by the town clerk with the Secretary of State.

31
33 **STATEMENT OF FACT**

35 This bill allows municipalities to adopt a local sales and
37 use tax. The municipality may choose to impose a 1¢ tax. The
39 voters of the town must approve this local sales and use tax at a
41 local referendum.

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

47 All the provisions regarding assessment, collection and
49 enforcement of the state sales and use tax also apply to the
51 local sales and use tax. The State shall assess and collect the
local sales and use tax along with the state sales and use tax
and return the revenue raised to the municipality. The
municipality must notify the State Tax Assessor at least 90 days
before the local tax goes into effect. This will give the State
time to set up the procedures for administering the local tax.

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

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

67