

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1309

H.P. 941

House of Representatives, April 24, 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 NUTTING of Leeds.

Cosponsored by Representative BURKE of Vassalboro, Senator TITCOMB of Cumberland and Representative HASTINGS of Fryeburg.

STATE OF MAINE

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

**An Act to Increase Maine's Sales Tax, to Exempt Low-cost Articles of
Clothing from Sales Tax and to Increase the State's Share of
Education Funding.**



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

3 **Sec. 1. 36 MRSA §1760, sub-§63** is enacted to read:

5 63. Clothing priced at \$15 and less. Sales of articles of
7 clothing that are sold for a price of \$15 or less.

9 **Sec. 2. 36 MRSA §1811, first ¶,** as repealed and replaced by PL
1987, c. 497, §40, is amended to read:

11 A tax is imposed at the rate of 5% 6% on the value of all
13 tangible personal property, on telephone and telegraph service,
15 on extended cable television service, on fabrication services and
17 on custom computer programming sold at retail in this State and
at the rate of 7% on the value of all other taxable services sold
at retail in this State. Value shall be measured by the sale
price, except as otherwise provided.

19 **Sec. 3. 36 MRSA §1812, sub-§1, ¶A,** as repealed and replaced by
21 PL 1987, c. 402, Pt. A, §181, is repealed and the following
enacted in its place:

23 **A. If the tax rate is 6%:**

25	<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
27	<u>\$0.01 to \$0.09, inclusive</u>	<u>0¢</u>
	<u>.10 to .16, inclusive</u>	<u>1¢</u>
29	<u>.17 to .33, inclusive</u>	<u>2¢</u>
	<u>.34 to .50, inclusive</u>	<u>3¢</u>
31	<u>.51 to .66, inclusive</u>	<u>4¢</u>
	<u>.67 to .83, inclusive</u>	<u>5¢</u>
33	<u>.84 to 1.00, inclusive</u>	<u>6¢</u>

35 Sixteen and two-thirds percent of the amount collected under
37 this paragraph shall be deposited by the Treasurer of State
39 in a separate account to be used exclusively for municipal
education budgets for the purpose of reducing property tax
bills.

41 **Sec. 4. 36 MRSA §1812, sub-§2,** as enacted by PL 1987, c. 402,
43 Pt. A, §181, is amended to read:

45 **2. Several items.** When several purchases are made together
47 and at the same time, the tax shall be computed on the total
amount of the several items, except that purchases taxed at 5% 6%
and 7% shall be separately totaled.

49 **Sec. 5. Appropriation.** The following funds are appropriated
51 from the General Fund to carry out the purposes of this Act.

1
3 **EDUCATIONAL AND CULTURAL SERVICES,**
5 **DEPARTMENT OF**

7 **General Purpose Aid for Local Schools**

9 All Other \$96,182,174

11 Provides for funds to raise the State's
13 share of school subsidy to 67%.

15 **STATEMENT OF FACT**

17 This bill raises the sales tax to 6%. It is estimated that
19 this increase in sales tax will raise \$87,750,000 in fiscal year
21 1989-90 and \$130,000,000 in fiscal year 1990-91. Between 35% and
23 40% of the additional amount raised will be collected from
25 tourists visiting the State. This additional revenue will be
used, in part, to increase the State's share of school funding to
67% of the total cost. This funding will allow municipalities to
reduce the amount collected through the property tax.

27 The additional revenue raised will also be used to offset
29 revenue lost by exempting from sales tax all articles of clothing
priced at \$15 and less. This exemption will result in making
basic and necessary articles of clothing more affordable.