

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 336

H.P. 245

House of Representatives, February 5, 1991

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 Senator CLARK of Cumberland, Representative LAWRENCE of Kittery and Representative CONSTANTINE of Bar Harbor.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

An Act to Create a Local Option Sales Tax.



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

2
4 Sec. 1. 36 MRS §1815 is enacted to read:

6 §1815. Local option sales and use tax

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

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

18 3. Administered by State. Retailers in a municipality that
20 has imposed a local sales and use tax under this section 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 must be in
 addition to all other taxes.

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

32 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
 by the municipality to reduce the property tax burden imposed in
36 that municipality.

38 Sec. 2. Referendum; effective date. This Act shall be submitted
40 to the legal voters of a town that seeks to impose a local option
 sales and use tax at the regular town meeting in 1991 or at a
42 special town meeting to be called and held for the purpose
 following approval of this Act. That special town meeting shall
44 be called, advertised and conducted according to the law relating
 to municipal elections; provided, however, that the selectmen of
46 the town shall not be required to prepare for posting, nor the
 town clerk to post, a new list of voters and for the purpose of
48 registration of voters the board of voter registration shall be
 in session on the secular day next preceding the special
50 election. The town clerk of the town shall prepare the required
 ballots, on which the clerk shall reduce the subject matter of
 this Act to the following question:

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

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

6
8 This Act shall take effect 120 days after the town meeting
provided it is accepted by a majority of the legal voters voting
at the election; and further provided that the total number of
10 votes cast for and against the acceptance of this Act equals or
exceeds 20% of the total vote for all candidates for Governor
12 cast in the town at the next previous gubernatorial election.

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

18
20 **STATEMENT OF FACT**

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

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

28
30 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
32 local sales and use tax along with the state sales and use tax
and return the revenue raised to the municipality. The
34 municipality must notify the State Tax Assessor at least 90 days
before the local tax goes into effect. This will give the State
36 time to set up the procedures for administering the local tax.

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

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