

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1991

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Legislative Document

No. 441

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H.P. 311

House of Representatives, February 7, 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 CASHMAN of Old Town.  
Cosponsored by Representative HOGLUND of Portland.

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STATE OF MAINE

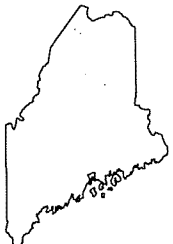
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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY-ONE

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An Act to Authorize a Local Option Sales Tax.

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

4 36 MRSA c. 8 is enacted to read:

6 CHAPTER 8

8 LOCAL OPTION TAXES

10 §194. County local option taxes

12 A county may adopt a local option sales or income tax subject to the following conditions.

14 1. Procedure. A county may adopt a local tax if it is approved by the same procedure required for the county budget. A county adopting a local tax shall notify the State Tax Assessor at least 90 days prior to the effective implementation date of the tax.

20 2. Limitation. A county may choose to adopt a sales tax not exceeding 2% on all sales that are subject to the state sales tax or an income tax surcharge not exceeding 10% of the state income tax, or both.

24 3. Administration. The State Tax Assessor shall collect the taxes authorized by this chapter, identify the amount attributable to each county and, after deducting the costs of administration, pay revenues attributable to each county on a monthly basis to the appropriate county.

30 4. Use of revenues. The revenues received by a county under this section must be used to reduce the county tax. Any additional revenues may be distributed to municipalities and the unorganized territory within the county in proportion to the municipality's or the unorganized territory's share of the total state valuation for the county.

38 STATEMENT OF FACT

40 This bill permits counties to adopt a local option sales or income tax. The sales tax would be limited to 2% of sales price and the income tax would be limited to 10% of the state income tax. The taxes would piggyback onto the state sales and income tax and be administered by the State. After deducting costs of administration, the State would return revenues to the appropriate county.

48 Revenues from the county option tax would be used to reduce the county tax and could also be used to provide a portion of the revenues to municipalities within the county to assist in reducing the local property tax.