

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 669

H.P. 475

House of Representatives, February 19, 1991

Reference to the Committee on Taxation suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative CASHMAN of Old Town.

STATE OF MAINE

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

An Act Authorizing Counties to Choose Alternative Sources of Revenue.



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 option sales or income tax if that tax is approved by the same procedure required for the county budget. A county adopting a local option sales or income tax shall notify the State Tax Assessor at least 90 days before the effective implementation date of the tax.

20 2. Limitation. A county may choose to adopt a local option sales tax not exceeding 2% on all sales subject to the tax imposed under Part 3 or a local option income tax surcharge not exceeding 10% of the tax imposed under Part 8, 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**

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42 This bill permits counties to adopt a local option sales or income tax. The sales tax would be limited to 2% of the sales price and the income tax would be limited to 10% of the state income tax. The taxes would piggyback 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.

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50 Revenue 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.