

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1392

H.P. 965

House of Representatives, April 1, 1991

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

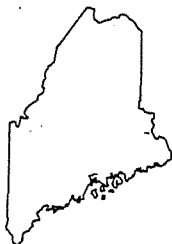
EDWIN H. PERT, Clerk

Presented by Representative LAWRENCE of Kittery.
Cosponsored by Representative MITCHELL of Freeport.

STATE OF MAINE

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

An Act to Permit Municipalities the Option of Local Taxes.



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

2
4 Sec. 1. 36 MRSA §§1815 to 1817 are enacted to read:

6 §1815. Local option sales and use tax

8 1. Municipalities authorized to adopt. Subject to the
10 limitation provided in subsection 6, the legislative body of a
12 municipality may impose a local sales and use tax on all
transactions subject to the tax imposed under this Part. The
legislative body may choose to impose a sales and use tax of
either .5% or 1% of the sales price.

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

20 3. Notification to retailers. The State Tax Assessor shall
22 notify retailers in the municipality at least 60 days before the
local tax is effective.

24 4. Administered by State. Retailers in a municipality that
26 has imposed a local sales and use tax under this section shall
28 collect the tax and pay it to the State at the time and in the
30 manner provided for the collection and payment of state sales and
use taxes. The State Tax Assessor shall adopt schedules for the
determination of the amount of tax for each level of taxation
under this section combined with the state sales tax schedules
under section 1812.

32 5. Payment to municipalities. Each month the State Tax
34 Assessor shall subtract the costs of administering this section
36 from the total amount collected by the State under this section
38 in the preceding month, identify the amount of remaining revenue
40 attributable to each municipality under this section and certify
those amounts due each municipality to the Treasurer of State.
The Treasurer of State shall make monthly payments to each
municipality of the amounts certified by the State Tax Assessor.

42 6. Imposition of tax limited. A municipality that imposes
44 a tax pursuant to this section may not also impose a tax pursuant
to section 1816, 1817 or 4641-O.

46 §1816. Local option sales and use tax on meals

48 1. Municipalities authorized to adopt. Subject to the
50 limitation provided in subsection 6, the legislative body of a
municipality may impose a local tax of 2% on food products

subject to tax pursuant to section 1760, subsection 3.

2
3. Notification to State Tax Assessor. A municipality that
4 imposes a tax under this section shall notify the State Tax
5 Assessor at least 90 days before the local tax is effective to
6 provide the State with sufficient time to prepare for
7 administration of the local tax.

8
9. Notification. The State Tax Assessor shall notify
10 persons selling food products on which a tax is imposed pursuant
11 to this section at least 60 days before the local tax is
12 effective.

13
10. Administered by State. Persons selling food products on
14 which a tax is imposed pursuant to this section shall collect the
15 tax and pay it to the State at the time and in the manner
16 provided for the collection and payment of state sales and use
17 taxes. The State Tax Assessor shall adopt schedules for the
18 determination of the amount of tax for each level of taxation
19 under this section combined with the state sales tax schedules
20 under section 1812.

21
11. Payment to municipalities. Each month the State Tax
22 Assessor shall subtract the costs of administering this section
23 from the total amount collected by the State under this section
24 in the preceding month, identify the amount of remaining revenue
25 attributable to each municipality under this section and certify
26 those amounts due each municipality to the Treasurer of State.
27 The Treasurer of State shall make monthly payments to each
28 municipality of the amounts certified by the State Tax Assessor.

29
12. Imposition of tax limited. A municipality that imposes
30 a tax pursuant to this section may not also impose a tax pursuant
31 to section 1815, 1817 or 4641-O.

32
33 **§1817. Local option sales and use tax on rental of living**
34 **quarters**

35
36 1. Municipalities authorized to adopt. Subject to the
37 limitation provided in subsection 6, the legislative body of a
38 municipality may impose a local sales and use tax on the rental
39 of living quarters in any hotel, rooming house, tourist or
40 trailer camp.

41
42 2. Notification to State Tax Assessor. A municipality that
43 imposes a tax under this section shall notify the State Tax
44 Assessor at least 90 days before the local tax is effective to
45 provide the State with sufficient time to prepare for
46 administration of the local tax.

2 **3. Notification.** The State Tax Assessor shall notify
persons offering living quarters for rent under subsection 1 at
4 least 60 days before the local tax is effective.

6 **4. Administered by State.** Persons offering living quarters
for rent under subsection 1 in a municipality that has imposed a
8 tax under this section shall collect the tax and pay it to the
State at the time and in the manner provided for the collection
10 and payment of state sales and use taxes. The State Tax Assessor
shall adopt schedules for the determination of the amount of tax
12 for each level of taxation under this section combined with the
state sales tax schedules under section 1812.

14 **5. Payment to municipalities.** Each month the State Tax
Assessor shall subtract the costs of administering this section
16 from the total amount collected by the State under this section
in the preceding month, identify the amount of remaining revenue
18 attributable to each municipality under this section and certify
those amounts due each municipality to the Treasurer of State.
20 The Treasurer of State shall make monthly payments to each
22 municipality of the amounts certified by the State Tax Assessor.

24 **6. Imposition of tax limited.** A municipality that imposes
a tax pursuant to this section may not also impose a tax pursuant
26 to section 1815, 1816 or 4641-O.

28 **Sec. 2. 36 MRSA §4641-O is enacted to read:**

30 **§4641-O. Local option real estate transfer tax**

32 **1. Municipalities authorized to adopt.** Subject to the
limitation provided in subsection 6, the legislative body of a
34 municipality may impose a local real estate transfer tax on the
privilege of transferring and receiving title to real property
36 located within the municipality. The amount of the tax on each
grantor and grantee must be \$.22 for each \$500, or fractional
38 part thereof, of consideration for the transfer.

40 **2. Notification to State Tax Assessor.** A municipality that
imposes a local real estate transfer tax under this section shall
42 notify the State Tax Assessor at least 90 days before the local
tax is effective to provide the State with sufficient time to
44 prepare for administration of the local tax.

46 **3. Notification to registers of deeds.** The State Tax
Assessor shall notify the register of deeds for the county in
48 which the municipality is located at least 60 days before the
local tax is effective.

50 **4. Administered by State.** The county register of deeds for
52 a municipality that has imposed a local real estate transfer tax
under this section shall collect the tax and pay it to the State

2 at the time and in the manner provided for the collection and
payment of state real estate transfer taxes.

4 5. Payment to municipalities. Each month the State Tax
6 Assessor shall identify the amount of revenue paid to the State
in the previous month that is attributable to each municipality
8 under this section and certify those amounts due each
municipality to the Treasurer of State. The Treasurer of State
10 shall make monthly payments to each municipality of the amounts
certified by the State Tax Assessor.

12 6. Imposition of tax limited. A municipality that imposes
14 a tax pursuant to this section may not also impose a tax pursuant
to section 1815, 1816 or 1817.

16
18 **STATEMENT OF FACT**

20 This bill authorizes municipalities to impose one of the
following 4 taxes:

- 22 1. A 2% sales tax on meals;
- 24 2. A .5% or 1% sales and use tax on all sales currently
26 subject to the sales and use tax;
- 28 3. A real estate transfer tax equal to 20% of the current
real estate transfer tax; or
- 30 4. A 1% sales tax on lodging.