

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

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Legislative Document

No. 1510

H.P. 1037

House of Representatives, April 16, 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 PLOURDE of Biddeford.

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STATE OF MAINE

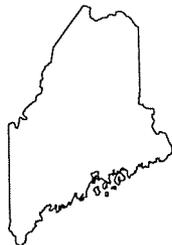
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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY-ONE

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**An Act to Provide a Local Option Income Tax to Municipalities.**

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

4 36 MRSA Pt. 10, c. 1001 is enacted to read:

6 PART 10

8 LOCAL OPTION TAXES

10 CHAPTER 1001

12 INCOME TAXES

14 §7001. Municipal local option income taxes

16 A municipality may adopt a local option income tax subject to the following conditions.

18 1. Procedure. A municipality may adopt a local tax if it  
20 is approved by the same procedure required for municipal  
22 referendum questions. A municipality adopting a local tax shall  
notify the State Tax Assessor at least 90 days prior to the  
effective implementation date of the tax.

24 2. Limitation. A municipality may choose to adopt an  
26 income tax surcharge not exceeding 10% of the state income tax.

28 3. Administration. The State Tax Assessor shall collect  
30 the taxes authorized by this chapter, identify the amount  
attributable to each municipality and, after deducting 0.1% of  
the municipality's revenues as the costs of administration, pay  
the revenues due to each municipality on a quarterly basis.

32

34 STATEMENT OF FACT

36 This bill permits municipalities, through local referenda,  
38 to adopt a local option income tax to provide a source of tax  
40 revenues other than the property tax. The income tax would be  
42 limited to 10% of the state income tax. The taxes would  
44 piggyback onto the state income tax and be administered by the  
State. After deducting costs of administration, the State would  
return revenues to the appropriate municipality.