

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1818

H.P. 1251

House of Representatives, May 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 RICHARDS of Hampden.
Cosponsored by Senator GAUVREAU of Androscoggin.

STATE OF MAINE

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

An Act to Create a Sales Tax Trust Fund for Maine's Future.

(EMERGENCY)



Emergency preamble. Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

Whereas, the State is experiencing a major reduction in
public and private employment; and

Whereas, the State is experiencing revenue shortfalls,
creating a fiscal crisis; and

Whereas, this Act provides a means of funding STAR
employment training, debt retirement, education for kindergarten
and grades one to 12, municipal revenue sharing and social
services; and

Whereas, in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore,

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

Sec. 1. 5 MRSA §1517 is enacted to read:

§1517. Sales Tax Trust Fund for Maine's Future

1. Establishment of fund. A fund is established, to be
known as the Sales Tax Trust Fund for Maine's Future.

A. The State Controller shall administer the fund.

B. The money for the fund is derived from a 1% increase in
the tax on tangible personal property and taxable services
under Title 36, section 1811.

C. The State Tax Assessor shall certify what is 1% of the
6% sales tax no later than the 15th of the month following
receipt.

D. The State Controller on a monthly basis shall allocate
to the fund the certified amount.

2. Allocations from the fund. The Legislature shall
allocate from the fund in order of the following priorities:

A. First, bond retirement;

B. Second, education for levels kindergarten and grades one
to 12;

2 C. Third, revenue sharing to municipalities; and

4 D. Fourth, social services.

6 These allocations must be supplemental to Parts I and II of the
8 Governor's budget under chapter 149, except for the cost of the
10 fund administration. The allocations must be approved by a 2/3
12 vote. Any allocations for the 4 priorities must be made in the last
14 quarter of the legislative biennium and every 2 years after. All
16 money in the fund may be allocated, except the budgeted costs of
18 administration.

20 3. Investment of trust funds. The money in the fund may be
22 invested as provided under section 135, with the earnings
24 credited to the fund.

26 4. Exception. The Legislature may allocate from the fund
28 to the STAR program at any time starting December 1, 1991 and
30 ending June 30, 1993 by a majority vote.

32 Sec. 2. 26 MRSA §2015-A, sub-§4, as amended by PL 1989, c.
34 541, §2, is further amended to read:

36 4. Funding. STAR shall--be is funded by General Fund
38 appropriations or by funds appropriated from the Sales Tax Trust
40 Fund for Maine's Future. Grant funds shall must be distributed
42 in the following manner.

44 A. During the first year of the STAR program, up to 14% of
46 the funds may be used for grant administration. In the 2nd
48 and subsequent years of the STAR program, up to 12% of the
50 funds may be used for grant administration.

52 B. The Bureau of Employment and Training Programs shall
54 reserve 5% of the funds for emergency programs to deal with
56 plant closings, mass layoffs or other needs as designated by
58 the commissioner.

60 C. Each county shall--receive receives an annual allocation,
62 50% of which shall--be is based on the number of individuals
64 unemployed during the calendar year preceding the program
66 year and 50% of which shall--be is based on the unemployment
68 rate during the calendar year preceding the program year.
70 These allocations may be shifted among counties within a
72 service delivery area depending on the demand for STAR
74 services and the availability of unexpended funds.

76 D. No service delivery area may be allotted less than 90%
78 of its allotment percentage for the preceding program year.

80 Sec. 3. 36 MRSA §1811, first ¶, as repealed and replaced by PL
82 1989, c. 871, §16, is amended to read:

2 A tax is imposed on the value of all tangible personal
property and taxable services sold at retail in this State. The
4 rate of tax is 10% on the value of liquor sold in licensed
establishments as defined in Title 28-A, section 2, subsection
6 15, in accordance with Title 28-A, chapter 43; 7% on the value of
rental of living quarters in any hotel, rooming house, tourist or
8 trailer camp and rental for a period of less than one year of an
automobile; and 5% ~~6%~~ on the value of all other tangible personal
10 property and taxable services. Value is measured by the sale
price, except as otherwise provided.

12 **Sec. 4. 36 MRSA §1812, sub-§1, ¶A,** as repealed and replaced by
PL 1987, c. 402, Pt. A, §181, is repealed and the following
14 enacted in its place:

16 A. If the tax rate is 6%:

18	<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
20	<u>\$0.01 to \$0.06, inclusive</u>	<u>0¢</u>
	<u>.07 to .23, inclusive</u>	<u>1¢</u>
22	<u>.24 to .32, inclusive</u>	<u>2¢</u>
	<u>.33 to .49, inclusive</u>	<u>3¢</u>
24	<u>.50 to .66, inclusive</u>	<u>4¢</u>
	<u>.67 to .83, inclusive</u>	<u>5¢</u>
26	<u>.84 to 1.00, inclusive</u>	<u>6¢</u>

28 **Sec. 5. Sunset review.** The Joint Standing Committee on Audit
and Program Review shall review all provisions of this Act by
30 June 30, 1994 and unless continued, the Maine Revised Statutes,
Title 5, section 1517 is repealed on that date.

32 **Sec. 6. Preparation of tax tables.** The State Tax Assessor shall
34 prepare and distribute tax tables reflecting the 6% sales tax.

36 **Sec. 7. Effective date.** Sections 1 to 5 of this Act take effect
on the first day of the next calendar month following the
38 expiration of 30 days after approval.

40 **Emergency clause.** In view of the emergency cited in the
preamble, this Act takes effect when approved except as otherwise
42 indicated.

44 **STATEMENT OF FACT**

46 This bill creates the Sales Tax Trust for Maine's Future.
48 It increases the 5% sales tax by 1% and allocates the money
derived from the increase to the trust. The trust money will be
50 used for the 4 priorities of bond retirement, education, revenue
sharing to municipalities and social services. The 4 priorities
52 must be funded in order of priority and the final allocations

2 must be approved by a 2/3 vote. The bill also authorizes funding
in the present biennium for the STAR program.