

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1991

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Legislative Document

No. 1918

H.P. 1326

House of Representatives, June 3, 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 MARSANO of Belfast.

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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 Generate Revenue by Raising Certain Taxes.

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(EMERGENCY)



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

Whereas, the 90-day period will not terminate until after  
the beginning of the next fiscal year; and

Whereas, revenues anticipated under Maine's current tax  
structure will be insufficient to maintain a balanced budget in  
the upcoming biennium; 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. 36 MRSA §1752, sub-§2-B, as enacted by PL 1983, c.  
859, Pt. M, §§1 and 13 is amended to read:

2-B. Cable television services. "Extended--eable Cable  
television services" means all cable television service which is  
in addition to the minimum service which can be purchased from a  
eable--television--supplier including the use of associated  
equipment for which a charge is made. It does not include  
installation of the associated equipment for which a separate  
charge is levied.

Sec. 2. 36 MRSA §1752, sub-§9-D is enacted to read:

9-D. Recreation and amusement services. "Recreation and  
amusement services" means any admission fee, membership fee or  
fee charged for the use of facilities or equipment that is paid  
to a retailer for the purpose of enjoying any amusement facility  
or place of amusement or entertainment. For the purposes of this  
subsection, an admission fee is a price charged or specific  
monetary contributions requested for entry into an event or for  
use of a facility, including membership charges or dues paid for  
multiple admissions or continuous admission over a period of  
time. For the purposes of this subsection, amusement facilities  
and places of amusement or entertainment include but are not  
limited to the following: boat excursions, skiing, sight-seeing,  
balloon rides, aircraft rides not including rides taken  
principally as a means of transporting passengers from one  
location to another, rafting, shooting and archery ranges, golf,  
country club fees, museums, art exhibits, zoos, bowling alleys,  
motion picture theaters, commercial sports events, dance studios,  
physical fitness facilities, amusement parks, sports and  
recreation clubs, theatrical performances, carnivals, circuses,  
fairs, concerts, billiard tables and billiard halls,

2 coin-operated amusement devices, aquariums, canoeing, historical  
3 sites, night clubs, taverns, bottle clubs, dance halls and  
4 racetracks.

5 **Sec. 3. 36 MRSA §1752, sub-§17-A, ¶D,** as enacted by PL 1987,  
6 c. 497, §25, is amended to read:

7 D. ~~Extended-cable~~ Cable television service;

8 **Sec. 4. 36 MRSA §1752, sub-§17-A, ¶F,** as amended by PL 1989,  
9 c. 533, §§2 and 14, is further amended to read:

10 F. Custom computer programming, including, but not limited  
11 to, modification of a standard program; and

12 **Sec. 5. 36 MRSA §1752, sub-§17-A, ¶G,** as enacted by PL 1989,  
13 c. 533, §§3 and 14, is amended to read:

14 G. Rental of video tapes and video equipment; and

15 **Sec. 6. 36 MRSA §1752, sub-§17-A, ¶H** is enacted to read:

16 H. Recreation and amusement services.

17 **Sec. 7. 36 MRSA §1811, first ¶,** as repealed and replaced by PL  
18 1989, c. 871, §16, is amended to read:

19 A tax is imposed on the value of all tangible personal  
20 property and taxable services sold at retail in this State. The  
21 rate of tax is ~~10%~~ 8% on the value of liquor sold in licensed  
22 establishments as defined in Title 28-A, section 2, subsection  
23 15, in accordance with Title 28-A, chapter 43; ~~7%~~ 8% on the value  
24 of rental of living quarters in any hotel, rooming house, tourist  
25 or trailer camp and rental for a period of less than one year of  
26 an automobile; 8% on the value of food products described in  
27 section 1760, subsection 3, paragraphs A to E; and ~~5%~~ 6% on the  
28 value of all other tangible personal property and taxable  
29 services. Value is measured by the sale price, except as  
30 otherwise provided.

31 **Sec. 8. 36 MRSA §1812, sub-§1, ¶¶A and B,** as repealed and  
32 replaced by PL 1987, c. 402, Pt. A, §181, are repealed and the  
33 following enacted in their place:

34 A. If the tax rate is 6%:

<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
<u>\$0.01 to \$0.09, inclusive</u>	<u>0¢</u>
<u>.10 to .16, inclusive</u>	<u>1¢</u>
<u>.17 to .33, inclusive</u>	<u>2¢</u>
<u>.34 to .50, inclusive</u>	<u>3¢</u>

2	<u>.51 to .66, inclusive</u>	<u>4¢</u>
	<u>.67 to .83, inclusive</u>	<u>5¢</u>
4	<u>.84 to 1.00, inclusive</u>	<u>6¢</u>

6 B. If the tax rate is 8%:

8	<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
	<u>\$0.01 to \$0.06, inclusive</u>	<u>0¢</u>
10	<u>.07 to .12, inclusive</u>	<u>1¢</u>
	<u>.13 to .25, inclusive</u>	<u>2¢</u>
12	<u>.26 to .37, inclusive</u>	<u>3¢</u>
	<u>.38 to .50, inclusive</u>	<u>4¢</u>
14	<u>.51 to .62, inclusive</u>	<u>5¢</u>
	<u>.63 to .75, inclusive</u>	<u>6¢</u>
16	<u>.76 to .87, inclusive</u>	<u>7¢</u>
	<u>.88 to 1.00, inclusive</u>	<u>8¢</u>

18  
20 Sec. 9. 36 MRSA §1812, sub-§1, ¶C, as repealed and replaced by PL 1989, c. 871, §17, is repealed.

22 Sec. 10. 36 MRSA §2903, sub-§1-A, as enacted by PL 1987, c. 793, Pt. B, §1, is amended to read:

24  
26 1-A. Excise tax levied. Except as provided in subsection 2, an excise tax is levied and imposed at the rate of 21¢ per gallon upon internal combustion engine fuel sold or used within this State before December 1, 1991; 17¢ per gallon upon internal combustion fuel sold or used within this State after November 30, 1991 and before July 1, 1992; 21¢ per gallon upon internal combustion fuel sold or used within this State after June 30, 1992 and before December 1, 1992; and 17¢ per gallon upon internal combustion engine fuel sold or used within this State on or after ~~April 1, 1989~~ December 1, 1992, including these sales when made to the State or any political subdivision thereof, for any purpose whatsoever, except the internal combustion engine fuel sold or used in such form and under such circumstances as shall preclude the collection of this tax by reason of the laws of the United States, or sold wholly for exportation from the State, or brought into the State in the ordinary standardized equipment fuel tank attached to and forming a part of a motor vehicle and used in the operation of that vehicle within the State, except that no tax may be levied upon internal combustion engine fuel, as defined in section 2902, bought or used by any person, association of persons, firm or corporation for the purpose of propelling jet or turbojet engine aircraft, or sold wholly for exportation from the State, or brought into the State in the fuel tanks of an aircraft, or on or after July 1, 1983, sold in bulk to any political subdivision of the State. On the same fuel only one tax shall must be paid to the State, for which tax the distributor first receiving the fuel in the State shall be is primarily liable to the State, except when that fuel has

2 been sold and delivered to a licensed exporter wholly for  
exportation from the State, or to another distributor in the  
4 State, in which case the purchasing distributor shall ~~be~~ is  
primarily liable to the State for the tax.

6 This subsection shall ~~take~~ takes effect on April 1, 1989, and  
subsection 1 is to be repealed on April 1, 1989, if the  
8 Commissioner of Transportation certifies to the Governor that the  
Federal Government has not appropriated to the State all federal  
10 highway funds anticipated in fiscal year 1989 based on the United  
States Highway Authorization Act and in addition has restored  
12 the \$10,000,000 which was withheld in federal fiscal year 1988.  
This subsection is repealed April 1, 1989, if it does not take  
14 effect.

16 **Sec. 11. 36 MRS §3203**, as amended by PL 1987, c. 793, Pt. A,  
§12, is further amended to read:

18 **§3203. Tax levied**

20 An excise tax is levied and imposed upon all suppliers of  
22 special fuel sold and on all users of special fuel used in this  
State on each gallon of distillate at the rate of 14¢ per gallon  
24 and, beginning July 1, 1988, at the rate ~~prescribed in section~~  
~~2903, plus 3¢ of 20¢~~ per gallon and, on each gallon of low-energy  
26 fuel at the rate ~~prescribed in section 2903, less 1 cent of 16¢~~  
per gallon, except sales of special fuel made to the State or any  
28 political subdivision of the State; the special fuel sold or used  
in such form and under such circumstances as shall preclude the  
30 collection of this tax by reasons of the laws of the United  
States; sold only for exportation from this State; delivered into  
32 a tank used solely for heating or cooking purposes, sold for  
resale to a licensed or registered supplier; and sold to a  
34 person for the generation of power for resale or manufacturing.  
When special fuel is delivered by a supplier on a consignment  
36 basis to a consumer or to a retail outlet, whether the retail  
outlet is wholly owned by the supplier or not, it shall ~~be~~  
38 considered is deemed to have been "sold" within the meaning of  
the Special Fuel Tax Act. All taxes collected under this section  
40 shall must be credited to the Highway Fund. When kerosene is  
delivered into a separate tank for retail sale, the excise tax is  
42 not to be collected by the supplier, rather licensed users shall  
remit the tax in accordance with section 3207.

44 **Sec. 12. 36 MRS §5111, sub-§§1 to 3**, as affected by PL 1989,  
46 c. 596, Pt. J, §7, are amended to read:

48 **1. Single individuals and married persons filing separate**  
returns. For single individuals and married persons filing  
50 separate returns:

2	If Maine taxable income is:	The tax is:
4	Less than \$4,000	2% of the Maine taxable income
6	At least \$4,000 but less than \$8,000	\$80 plus 4.5% of the excess over \$4,000
8	At least \$8,000 but less than \$16,000	\$260 plus 7% of the excess over \$8,000
10	At least \$16,000 or more but less than \$37,500	\$820 plus 8.5% of the excess over \$16,000
12	<u>\$37,500 or more</u>	<u>\$2,648 plus 10% of the excess over \$37,500</u>
14		
16		

18           **2. Heads of households.** For unmarried individuals or  
20           legally separated individuals who qualify as heads of households:

22	If Maine taxable income is:	The tax is:
24	Less than \$6,000	2% of the Maine taxable income
26	At least \$6,000 but less than \$12,000	\$120 plus 4.5% of the excess over \$6,000
28	At least \$12,000 but less than \$24,000	\$390 plus 7% of the excess over \$12,000
30	At least \$24,000 or more but less than \$56,250	\$1,230 plus 8.5% of the excess over \$24,000
32	<u>\$56,250 or more</u>	<u>\$3,971 plus 10% of the excess over \$56,250</u>
34		
36		

38           **3. Individuals filing married joint return or surviving spouses.** For individuals filing married joint returns or  
40           surviving spouses permitted to file a joint return:

42	If Maine taxable income is:	The tax is:
44	Less than \$8,000	2% of the Maine taxable income
46	At least \$8,000 but less than \$16,000	\$160 plus 4.5% of the excess over \$8,000
48	At least \$16,000 but less than \$32,000	\$520 plus 7% of the excess over \$16,000
50	At least \$32,000 or more	\$1,640 plus 8.5% of the
52		

2	<u>but less than \$75,000</u>	excess over \$32,000
4	<u>\$75,000 or more</u>	<u>\$5,295 plus 10% of the</u> <u>excess over \$75,000</u>

6           **Sec. 13. 36 MRSA §5203-A** is enacted to read:

8           **§5203-A. Corporate income tax surcharge**

10           In addition to the tax liability otherwise established by  
12           this Title, a tax surcharge of 10% of the total amount of state  
14           tax liability established by sections 5200 and 5203 is imposed on  
16           taxable corporations.

18           **Sec. 14. Repeal.** By September 1, 1992 and each year  
20           thereafter, the Commissioner of Finance must certify the increase  
22           in state General Fund revenues that would have occurred during  
24           the last 2 fiscal years had the law in effect on July 1, 1991,  
26           been in effect. If the percentage change in General Fund  
28           revenues so calculated for the most recent past fiscal year  
30           compared to the next most recent fiscal year exceeds the annual  
32           change in the consumer price index as defined in the Maine  
34           Revised Statutes, Title 36, section 5402, subsection 1, for the  
36           same period by 3% or more, the commissioner shall so certify to  
38           the Governor. This certification will serve to repeal all tax  
40           changes imposed in this Act except for the amendment to Title 36,  
42           section 1811, which remains except for the change from 5% to 6%  
44           that is repealed. The repeal of the specified provisions is  
46           effective December 31st following the delivery of the  
certification to the Governor, except that repeal of provisions  
relating to income tax is effective for tax years beginning on or  
after January 1st of the year following the year in which the  
certification is made.

36           **Sec. 15. Retroactivity.** Those sections of this Act that amend  
38           the Maine Revised Statutes, Title 36, section 5111, subsections 1  
40           to 3 and that enact Title 36, section 5203-A take effect  
42           retroactively for tax years beginning on or after January 1, 1991.

44           **Sec. 16. Effective date.** Those sections of this Act that amend  
46           the Maine Revised Statutes, Title 36, section 1752, subsection  
2-B and subsection 17-A, paragraph D, section 1811, section 1812,  
section 2903, subsection 1-A or section 3203 take effect July 1,  
1991. Those sections of this Act that enact Title 36, section  
1752, subsection 9-D or that amend Title 36, section 1752,  
subsection 17-A, paragraphs F to H take effect September 1, 1991.



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## STATEMENT OF FACT

4           This bill extends the sales tax to all cable television  
6           services and to recreation and amusement services; raises the  
8           general sales and use tax rate to 6%; establishes an 8% sales and  
10           use tax rate for lodging, meals and drinks; increases gasoline  
12           tax by 4¢ for the periods July 1, 1991 to November 30, 1991 and  
            July 1, 1992 to November 30, 1992; establishes a 10% corporate  
            income tax surcharge; and establishes a 10% individual income tax  
            bracket.