

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1993

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Legislative Document

No. 578

H.P. 452

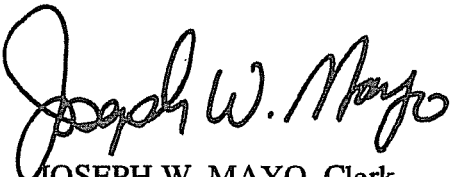
House of Representatives, February 22, 1993

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**An Act to Provide a Local Option Sales and Use Tax.**

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Reference to the Committee on Taxation suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Representative MITCHELL of Freeport.  
Cosponsored by Representatives: BRENNAN of Portland, CONSTANTINE of Bar Harbor,  
DiPIETRO of South Portland, HOGLUND of Portland, ROWE of Portland, TOWNSEND of  
Portland.

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

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Sec. 1. 36 MRSA §1815 is enacted to read:

§1815. Local option sales and use tax

1. Municipalities authorized to adopt. The legislative body of any municipality may impose a local sales and use tax on all transactions subject to the tax imposed under this section. The municipality may choose to impose a sales and use tax of 1¢.

2. Notify State Tax Assessor. A municipality that imposes a local sales and use tax under this section shall notify 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.

3. Administered by State. Retailers in a municipality that has imposed a local sales and use tax under this section shall pay the tax at the time and in the manner provided for the payment of state sales and use taxes and this tax must be in addition to all other taxes.

4. Payment to municipalities. Each month the State Tax Assessor shall identify the amount of revenue attributable to each municipality under this section, subtract the costs of administering this section and certify the net amount due each municipality to the Treasurer of State. The Treasurer of State shall make monthly payments of the amounts certified by the State Tax Assessor.

5. Use of local sales and use tax revenue. The revenue raised by the adoption of a local sales and use tax must be used by the municipality to reduce the property tax burden imposed in that municipality.

**Sec. 2. Referendum; effective date.** This Act must be submitted to the legal voters of a town that seeks to impose a local option sales and use tax at the regular town meeting in 1993 or at a special town meeting called and held for that purpose following approval of this Act. That special town meeting must be called, advertised and conducted according to the law relating to municipal elections; except that the municipal officers of the town are not required to prepare for posting, nor the town clerk to post, a new list of voters. For the purpose of registration of voters, the board of voter registration must be in session on the secular day next preceding the special election. The town clerk of the town shall prepare the required ballots on which the clerk shall reduce the subject matter of this Act to the following question:

2 "Do you favor a local option sales and use tax in the amount  
of 1¢?"

4 The voters shall indicate by a cross or check mark placed  
against the word "Yes" or "No" their opinion of the same.

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8 This Act takes effect 120 days after the town meeting  
provided it is accepted by a majority of the legal voters voting  
10 at the election; and further provided that the total number of  
votes cast for and against the acceptance of this Act equals or  
12 exceeds 20% of the total vote for all candidates for Governor  
cast in the town at the previous gubernatorial election.

14 The result of the vote must be declared by the municipal  
officers of the town and due certificate must be filed by the  
16 town clerk with the Secretary of State.

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20 **STATEMENT OF FACT**

22 This bill allows municipalities to adopt a 1¢ local sales  
and use tax. The voters of the town must approve this local  
24 sales and use tax at a local referendum.

26 The tax will apply to the sales of the same goods and  
services to which the state sales and use tax applies.

28 All the provisions regarding assessment, collection and  
enforcement of the state sales and use tax also apply to the  
30 local sales and use tax. The State shall assess and collect the  
local sales and use tax along with the state sales and use tax  
32 and return the revenue raised to the municipality. The  
municipality must notify the State Tax Assessor at least 90 days  
34 before the local tax goes into effect. This will give the State  
Tax Assessor time to set up the procedures for administering the  
36 local tax.

38 The State Tax Assessor will determine the amount of revenue  
raised by each municipality's local sales and use tax each  
40 month. The State Tax Assessor will then subtract the  
administrative costs of the local sales and use tax and certify  
42 the amount to be returned to each municipality. The Treasurer of  
State shall pay that certified amount to each municipality each  
44 month.

46 The additional revenue raised by a local option sales and  
use tax must be used by the municipality to reduce the property  
48 tax burden in that municipality.