

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

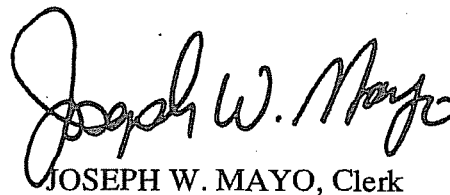
No. 1282

H.P. 953

House of Representatives, April 15, 1993

An Act to Allow for Regional Local Option Taxing Districts.

Reference to the Committee on Taxation suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative RICHARDSON of Portland.
Cosponsored by Senator: BUSTIN of Kennebec.

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

4 Sec. 1. 30-A MRSA, chapter 231 is enacted to read:

6 CHAPTER 231

8 LOCAL OPTION TAXATION

10 §6201. Definitions

12 As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

14 1. Candidate municipality. "Candidate municipality" means a municipality geographically contiguous with a proposed taxing district that seeks to join that district.

18 2. District tax council. "District tax council" means all the legislative bodies of municipalities that are members of a taxing district assembled in one place.

22 3. Population. "Population" means the number of inhabitants as determined by the latest federal decennial census or as determined and certified by the Department of Human Services, whichever figure is the most recent.

26 §6202. Authority to impose taxes

28 Municipalities may impose regional local option taxes in conformance with the terms of this chapter.

30 §6203. Formation of taxing district

32 A group of 5 or more municipalities that are geographically contiguous may create a taxing district by action taken in each municipality on the agreed-to charter of the taxing district in accordance with procedures for enactment of local ordinances by the municipal legislative body. Each enactment must specify:

34 1. Members. The municipalities intending to join the taxing district;

36 2. Types of taxes. The type of tax or taxes to be levied, which may include one or more of the following:

38 A. Sales tax;

40 B. Income tax;

42 C. Payroll earnings tax; or

44 D. Up to 5% tax surcharge on lodging, liquor-by-the-drink, meals or a combination of these;

2 3. Uses of proceeds. The purposes for which the tax
proceeds will be used, which uses are limited to:

4 A. Property tax relief; and

6 B. Other specified purposes to which up to 50% of the
7 proceeds to be distributed to each municipality may be
8 devoted;

10 4. Application of proceeds. The percentage of tax revenues
to be applied to each of the purposes enumerated; and

12 5. Distribution of proceeds. That the percentage of tax
14 revenues collected and distributed back to each municipality
under section 6205 will be determined based on population.

16 **§6204. Charter review and amendment**

18 After the municipal legislative body of each municipality
20 has voted on the creation of the regional taxing district with at
21 least 5 municipalities voting in the affirmative, the district
22 tax council shall finalize the charter of the regional tax
23 district in accordance with the following provisions.

24 1. State comments. The district tax council shall submit
26 the charter to the Bureau of Taxation for comment and the
27 Secretary of State for comment and approval of the language of
28 the referendum ballot question to be voted on under section 6206.

30 2. Comment period. The Bureau of Taxation and the
31 Secretary of State shall provide the requested comments and
32 ballot wording, or confirmation of the provided wording, within
33 60 days or the charter provisions and ballot are are considered
34 to be acceptable as written.

36 3. Amendment of charter. The district tax council shall
37 consider any comments provided pursuant to subsection 2 and may
38 amend the regional taxing district charter in response to the
39 state comments if they find that an amendment is necessary or
40 advisable.

42 **§6205. Collection and distribution of taxes**

44 The regional taxing district shall collect and distribute
45 taxes imposed according to the following provisions.

46 1. Collection. The mode of collection of the taxes must be
47 established on a district-wide basis.

48 2. Administrative costs. The district tax council may
49 authorize that up to 5% of the total tax revenues be allocated to
50 administrative costs. The district tax council shall define
51 administrative costs. The district tax council shall define
52 administrative costs.

2 these costs and ensure proper management of revenues allocated to
3 administration.

4 3. Distribution. After deduction of any portion of the
5 revenues allocated to administration under subsection 2, the
6 total tax revenues collected must be distributed back to member
7 municipalities of the district. Each municipality must receive a
8 percentage of the total tax revenues that is equal to the
9 percentage of the population of the taxing district residing in
10 that municipality.

12 **§6206. Referendum; approval of charter**

14 The member municipalities of the regional taxing district
15 shall submit the proposed taxes for approval by referendum at the
16 next state primary or general election. If an aggregated
17 majority, that is a majority of all the voters voting on the
18 measure regardless of municipality of residence, vote in favor of
19 the tax, then it is approved.

20 **§6207. Opportunity to join taxing district**

22 Any municipality geographically contiguous with a proposed
23 regional taxing district may join the district if:

24 1. Timely notification. Before the charter and ballot
25 question are submitted to the State under section 6204, the
26 candidate municipality notifies the municipal legislative body of
27 a member municipality of its desire to join; and

28 2. Acceptance and approval. The candidate municipality
29 agrees to accept the particular form and nature of the tax
30 defined by the original members of the regional taxing district
31 and adopts the charter under the terms of section 6202.

32 **STATEMENT OF FACT**

34 This bill grants authority to municipalities to form
35 regional taxing districts consisting of 5 or more geographically
36 contiguous municipalities and to impose local option taxes of one
37 or more of the following types: sales tax; income tax; payroll
38 earnings tax; or 5% tax surcharge on lodging,
39 liquor-by-the-drink, meals or a combination of these for the
40 purpose of property tax relief and other specified purposes,
41 provided that at least 50% of the revenues are applied to
42 property tax relief.

43 The bill establishes the procedures for creation of these
44 regional taxing districts including: compliance with all
45 requirements for enactment of local ordinances; submission of the
46 charter to the State for review and comment; and final approval
47 of the regional taxing district by the voters of the
48 participating municipalities.