MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

No. 1283

H.P. 954

House of Representatives, April 15, 1993

An Act to Authorize an Optional Regional Sales Tax.

Reference to the Committee on Taxation suggested and ordered printed.

GOSEPH W. MAYO, Clerk

Presented by Representative HOGLUND of Portland.
Cosponsored by Representatives: ADAMS of Portland, BRENNAN of Portland, CAMERON of Rumford, CARROLL of Gray, CATHCART of Orono, CLOUTIER of South Portland, DAGGETT of Augusta, DiPIETRO of South Portland, FITZPATRICK of Durham, GEAN of Alfred, HOLT of Bath, KERR of Old Orchard Beach, KILKELLY of Wiscasset, MELENDY of Rockland, MITCHELL of Freeport, NADEAU of Saco, O'GARA of Westbrook, OLIVER of Portland, POULIOT of Lewiston, RAND of Portland, ROWE of Portland, SAXL of Bangor, SIMONDS of Cape Elizabeth, SIMONEAU of Thomaston, SULLIVAN of Bangor, TARDY of Palmyra, TOWNSEND of Portland, Senators: BRANNIGAN of Cumberland, CONLEY of Cumberland, HARRIMAN of Cumberland.

Be it enacted by the People of the State of Maine as follows:	
Sec. 1. 36 MRSA Pt. 3-A is enacted to read:	
4	
<u>PART 3-A</u>	
6	
REGIONAL TAX	
8 <u>CHAPTER 251</u>	
REGIONALLY LEVIED TAX	
12	
§2201. Regionally levied tax option in a county	
14	
1. Regionally levied tax option authorized. A regional levied tax option is authorized to:	gionally
10 Allewiste the machlem of financing municipal	
A. Alleviate the problem of financing municipal s caused by the burden on municipal property tax; and	services
20	
B. Stabilize the municipal property tax burden and financing municipal services by broadening the services by broadening the municipal services by broadening the service	
base and taking advantage of regional resources.	
2. Vote required. A regionally levied tax option	must bo
26 adopted by election as provided in this chapter.	must be
20 adopted by election as provided in this chapter.	
28 3. Amount of tax. A regionally levied tax option	adonted
under this chapter is up to an additional 1% of the sale	_
on all sales subject to the tax under Part 3.	
32 4. Application. For the purposes of this chapt	er, the
municipal assessors of a plantation are considered mu	<u>unicipal</u>
34 officers of the plantation and the county commissione	
considered the municipal officers for the unorganized to	erritory
36 <u>within their county.</u>	
38 <u>\$2202. Regionally levied tax option election</u>	
1. Petition by voters or municipal officers. A req	
levied tax option election may be called by the filin	
42 petition by the voters of a county or the municipal offi	cers of
municipalities in the county as follows.	
44 The restore in a gounty may potition the	gov»+
A. The voters in a county may petition the commissioners for a regionally levied tax election	
46 <u>commissioners for a regionally levied tax election</u> petition for a regionally levied tax election must be	
48 by a number of voters equal to at least 10% of the number of voters and the number of voters are also at least 10% of the number of voters are also at least	
votes cast in that county in the last gubern	
50 election. All petition signatures must have been si	

2	the previous 2 years. The petition must be addressed to the county commissioners and delivered to them at least 42 days
_	before holding any primary, special statewide, general or
4	county election.
б	B. The municipal officers in municipalities that have a combined population of 60% of the county's population as
8	determined by the most recent Federal Decennial Census may
10	petition the county commissioners for a regionally levied tax option election. A majority of the municipal officers
12	in a municipality must sign a petition before that municipality's population may be included. The municipal
14	officers in the county may sign a single petition or each municipality may submit its own petition, as long as all
16	petition signatures have been signed in the previous 2 years. The petition must be addressed to the county
18	commissioners and delivered to them at least 42 days before holding any primary, special statewide, general or county
20	election.
20	2. Meeting. Upon receipt of a petition, the county
22	commissioners shall notify the municipal officers in each municipality within the county and require them to notify the
24	inhabitants of their respective municipalities to meet in the
26	manner prescribed by law to vote on the regionally levied tax question. The county commissioners shall state the time for
28	opening and closing the polls, which must be the same in each municipality, and set the date for the election, which must be at
	the next regularly scheduled primary, special statewide, general
30	or county election. The county commissioners shall prepare the election material and all ballots for the election and provide
32	them to the municipal clerk.
34	3. Referendum question. The election must be held to vote on the following question, the exact increase to be as specified
36	in the petition.
38	"Shall the state sales and use tax be increased in this county by 1% over the amount levied by the State and the proceeds
40	distributed as follows:
42	A. Thirty-five percent to the municipality in which the tax is collected;
44	
46	B. Forty percent to the municipalities within the county, pursuant to the municipal revenue sharing formula in the
40	<u>pursuant to the municipal revenue sharing formula in the</u> <u>Maine Revised Statutes, Title 30-A, section 5681; and</u>
48	
50	C. Twenty-five percent to the municipalities in all counties that have adopted the 1% regional tax increase,

4. Conduct of election. Except as provided in this section, the petition process and the voting at elections held in towns and plantations must be held and conducted in accordance with Title 30-A, sections 2528, 2529 and 2532, even if the town or plantation has not accepted the provisions of section 2528. The voting at elections held in cities must be held and conducted in accordance with Title 21-A. The municipal clerk shall make a return of the results, certify the results and send them to the county commissioners who shall certify the results and send them to the Secretary of State. The Secretary of State shall forward the results to the State Tax Assessor and the Treasurer of State.

§2203. Implementation of tax

- 1. Affirmative vote. If the results of an election held under section 2202 show that a majority of the votes cast in a county are in the affirmative, the Secretary of State, after receiving written notification from the county commissioners, shall notify the Treasurer of State and the State Tax Assessor. The State Tax Assessor shall collect the tax in the same manner and with the same powers as provided in Part 3.
 - 2. Effective date. Retailers shall begin collecting the tax on the first day of the 2nd month following the certification of the vote by the county commissioners and submission to the Secretary of State.
 - 3. Fund. The Regionally Levied Tax Fund is established as a separate account. The Treasurer of State shall deposit in that fund all revenues received under this chapter.
 - 4. Distribution of revenue. Beginning in the 10th month after certification of the vote by the county commissioners and submission to the Secretary of State, the Treasurer of State shall make distributions from the fund on the first day of each month as follows.
 - A. Thirty-five percent of the amount attributable to each municipality must be distributed to the municipality in which the tax is collected.
 - B. Forty percent of the amount attributable to each municipality must be distributed among the municipalities in the county in which the municipality is located, pursuant to the municipal revenue sharing formula in Title 30-A, section 5681.
 - C. Twenty-five percent of the amount attributable to each municipality must be distributed among the municipalities in

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. 2	option, pursuant to the municipal revenue sharing formula in
	Title 30-A, section 5681.
4	
	5. Costs of administration. The State Tax Assessor, the
6	Treasurer of State and any other state agency that incurs a cost
	as a result of this chapter must be reimbursed from the proceeds
8	raised by the regionally levied tax before any distributions to
•	municipalities are made.
10	
	6. Repeal. A regionally levied tax may be repealed by the
12	same method of petition and referendum provided in section 2202.
	A regionally levied tax vote may not be taken on the same
14	question more than once in any one-year period.

all counties that have adopted a regionally levied tax

STATEMENT OF FACT

This bill authorizes the voters in a county to increase by referendum vote the state sales tax in the county by up to 1%. Revenues from the tax are shared according to an established formula by the municipality where the tax is collected, all municipalities in that county and all municipalities in all counties that enact a similar tax. The bill broadens the tax base for municipalities that must rely almost exclusively on the property tax for local revenues and, at the same time, reduces the burden on the property tax. The sharing formula is designed to make sure that municipalities without a significant commercial base get a fair share of the revenues. The election must be held in conjunction with the next regularly scheduled election held in the respective county.