

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 274

H.P. 215

House of Representatives, January 27, 1995

An Act to Allow for Regional Local Option Taxing Districts.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative RICHARDSON of Portland.
Cosponsored by Representatives: BRENNAN of Portland, KILKELLY of Wiscasset,
MORRISON of Bangor, SHIAH of Bowdoinham, WATSON of Farmingdale.

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

2
4 Sec. 1. 30-A MRSA c. 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.

32 §6203. Formation of taxing district

34 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:

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

42 2. Types of taxes. The type of tax to be levied, which may
be a 3% tax surcharge on lodging, liquor-by-the-drink, meals or a
combination of these;

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

48 A. Property tax relief; and
50

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

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

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

14 §6204. Charter review and amendment

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

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

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

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

38 §6205. Collection and distribution of taxes

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

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

46 2. Administrative costs. The district tax council may
48 authorize that up to 5% of the total tax revenues be allocated to
50 administrative costs. The district tax council shall define
 these costs and ensure proper management of revenues allocated to
 administration.

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

10 **§6206. Referendum; approval of tax**

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

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

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

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

30 **2. Acceptance and approval.** The candidate municipality
32 agrees to accept the particular form and nature of the tax
34 defined by the original members of the regional taxing district
and adopts the charter.

36 **STATEMENT OF FACT**

38 This bill grants authority to municipalities to form
40 regional taxing districts consisting of 5 or more geographically
42 contiguous municipalities and to impose local option taxes of up
44 to a 3% tax surcharge on lodging, liquor-by-the-drink, meals or a
combination of these for the purpose of property tax relief and
other specified purposes, provided that at least 50% of the
revenues are applied to property tax relief.

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