

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1995

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Legislative Document

No. 783

H.P. 578

House of Representatives, March 9, 1995

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**An Act to Authorize an Optional Regional Sales Tax.**

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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, JONES of Bar Harbor.

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

4 **Sec. 1. 36 MRSA Pt. 3-A is enacted to read:**

6 **PART 3-A**

8 **REGIONAL TAX**

10 **CHAPTER 251**

12 **REGIONALLY LEVIED TAX**

14 **§2201. Definitions**

16 As used in this Part, unless the context otherwise indicates, the following terms have the following meanings.

18 1. **Fund.** "Fund" means the Regionally Levied Tax Fund as established in section 2204, subsection 3.

20 2. **Municipality.** "Municipality" includes cities, towns, plantations and unorganized territories.

24 3. **Municipal officers.** "Municipal officer" has the same definition as in Title 28-A, section 2, subsection 21, except that in this Part "municipal officer" also means the county commissioners for the unorganized territory within their county.

28 4. **Regionally levied tax option.** "Regionally levied tax option" means an additional sales tax, adopted by a county, of up to 1% on all sales in that county subject to sales tax under Part 3.

34 **§2202. Regionally levied tax option in a county**

36 1. **Regionally levied tax option authorized.** A regionally levied tax option is authorized to:

38 A. **Alleviate the problem of financing municipal services;**  
40 and

42 B. **Stabilize the municipal property tax burden and aid in financing municipal services by broadening the municipal tax base and taking advantage of regional resources.**

46 2. **Vote required.** A regionally levied tax option must be adopted by election as provided in this chapter.

48 **§2203. Regionally levied tax option election**

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2 1. Petition by voters or municipal officers. The voters of  
3 a county or the municipal officers of a municipality in the  
4 county may file a petition calling for a regionally levied tax  
5 option election as follows.

6 A. The voters in a county may petition the county  
7 commissioners for a regionally levied tax election. A  
8 petition for a regionally levied tax election must contain  
9 the signatures of not less than 10% of the total votes cast  
10 in that county in the last gubernatorial election. All  
11 petition signatures must have been signed within the  
12 previous 2 years. The petition must be addressed to the  
13 county commissioners and delivered to them at least 42 days  
14 before holding any primary, special statewide, general or  
15 county election.

16 B. The municipal officers in municipalities that have a  
17 combined population of 60% of the county's population as  
18 determined by the most recent Federal Decennial Census may  
19 petition the county commissioners for a regionally levied  
20 tax option election. A majority of the municipal officers  
21 in a municipality must sign a petition before that  
22 municipality's population may be included. The municipal  
23 officers in the county may sign a single petition or each  
24 municipality may submit its own petition, as long as all  
25 petition signatures have been signed within the previous 2  
26 years. The petition must be addressed to the county  
27 commissioners and delivered to them at least 42 days before  
28 holding any primary, special statewide, general or county  
29 election.

30 2. Meeting. Upon receipt of a petition, the county  
31 commissioners shall notify the municipal officers within the  
32 county and require them to notify the inhabitants of their  
33 respective municipalities to meet in the manner prescribed by law  
34 to vote on the regionally levied tax question. The county  
35 commissioners shall state the time for opening and closing the  
36 polls, which must be the same in each municipality, and set the  
37 date for the election, which must be at the next regularly  
38 scheduled primary, special statewide, general or county  
39 election. The county commissioners shall prepare the election  
40 material and all ballots for the election and provide them to the  
41 municipal clerk.

42 3. Referendum question. The election must be held to vote  
43 on the following question, with the exact increase to be as  
44 specified in the petition.

2           "Should the state sales and use tax be increased in this  
3           county by ( )% over the amount levied by the State with the  
4           proceeds distributed as follows:

6           A. Thirty-five percent to the municipality in which the tax  
7           is collected;

8           B. Forty percent to the municipalities within the county,  
9           pursuant to the municipal revenue-sharing formula in the  
10           Maine Revised Statutes, Title 30-A, section 5681; and

12           C. Twenty-five percent to the municipalities in all  
13           counties that have adopted a regional tax increase, pursuant  
14           to the municipal revenue-sharing formula in Title 30-A,  
15           section 5681?"

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

30           **§2204. Implementation of tax**

32           1. Affirmative vote. If the majority of the votes cast in  
33           a county under section 2202 are in the affirmative, the Secretary  
34           of State, after receiving written notification from the county  
35           commissioners, shall notify the Treasurer of State and the State  
36           Tax Assessor. The State Tax Assessor shall collect the tax in the  
37           same manner and with the same powers as provided in Part 3.

38           2. Effective date. Retailers shall begin collecting the  
39           tax on the first day of the 2nd month following the certification  
40           of the vote by the county commissioners and submission of the  
41           results to the Secretary of State.

42           3. Fund. The Regionally Levied Tax Fund is established as  
43           a separate account. The Treasurer of State shall deposit in that  
44           fund all revenues received under this chapter.

45           4. Costs of administration. The State Tax Assessor, the  
46           Treasurer of State and any other state agency that incurs a cost  
47           as a result of this chapter must be reimbursed from the proceeds  
48             
49             
50

2 raised by the regionally levied tax before any distributions to  
municipalities are made.

4 5. Distribution of revenue. Beginning in the 10th month  
6 after certification of the vote by the county commissioners and  
submission of the results to the Secretary of State, the  
8 Treasurer of State shall make distributions from the fund on the  
first day of each month as follows:

10 A. Thirty-five percent to the municipality in which the tax  
is collected;

12 B. Forty percent to the municipalities in the county  
14 pursuant to the municipal revenue-sharing formula in Title  
30-A, section 5681; and

16 C. Twenty-five percent to the municipalities in all  
18 counties that have adopted a regionally levied tax option,  
pursuant to the municipal revenue-sharing formula in Title  
20 30-A, section 5681.

22 6. Repeal. A regionally levied tax may be repealed by the  
24 same method of petition and referendum provided in section 2202.  
A regionally levied tax vote may not be taken on the same  
26 question more than once in any one-year period.

28 **STATEMENT OF FACT**

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