

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 1266

S.P. 470

In Senate, April 11, 1995

**An Act to Reduce the Maine Sales Tax and the Meals and Lodging Tax
to 3%.**

(EMERGENCY)

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS
Secretary of the Senate

Presented by Senator HATHAWAY of York.
Cosponsored by Senators: BENOIT of Franklin, HANLEY of Oxford, Representative:
PLOWMAN of Hampden.

2 **Emergency preamble.** Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4
6 **Whereas,** the First Regular Session of the 115th Legislature
enacted a law that increased the sales tax from 5% to 6%; and

8 **Whereas,** maintaining the sales tax at 6% has caused harm to
the citizens of Maine; and

10 **Whereas,** the meals and lodging tax is 7%; and

12 **Whereas,** maintaining the meals and lodging tax at 7% is
causing harm to the citizens of Maine; and

14 **Whereas,** it is in the best interest of the citizens of Maine
to reduce the sales tax to 3% and to reduce the meals and lodging
tax to 3%; and

16 **Whereas,** in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore,

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

22 **Sec. 1. 36 MRSA §1811, first ¶,** as amended by PL 1993, c. 701,
§6 and affected by §10, is further amended to read:

24 A tax is imposed on the value of all tangible personal
property and taxable services sold at retail in this State. The
rate of tax is 7% on the value of liquor sold in licensed
establishments as defined in Title 28-A, section 2, subsection
15, in accordance with Title 28-A, chapter 43; ~~7%~~ 3% on the value
of rental of living quarters in any hotel, rooming house, tourist
or trailer camp; 10% on the value of rental for a period of less
than one year of an automobile; ~~7%~~ 3% on the value of prepared
food sold in establishments that are licensed for on-premises
consumption of liquor pursuant to Title 28-A, chapter 43; and ~~6%~~
3% on the value of all other tangible personal property and
taxable services. Value is measured by the sale price, except as
otherwise provided.

26 **Sec. 2. 36 MRSA §1812, sub-§1,** as amended by PL 1991, c. 591,
Pt. XX, §§3 to 5 and affected by §§7 and 8, is repealed.

28 **Sec. 3. 36 MRSA §1812, sub-§1-A** is enacted to read:

30 **1-A. Tax computation.** Every retailer shall add the sales
tax imposed by chapters 211 to 225 or the average equivalent of
that tax to the sale price except as otherwise provided and when

2 added, the tax constitutes a part of the price, is a debt of the
3 purchaser to the retailer until paid and is recoverable at law in
4 the same manner as the purchase price. When the sale price
5 involves a fraction of a dollar, the tax must be added to the
6 sale price according to the following schedules.

8 A. If the tax rate is 3%:

<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
<u>\$0.01 to \$0.32, inclusive</u>	<u>1¢</u>
<u>.33 to .65, inclusive</u>	<u>2¢</u>
<u>.66 to 1.00, inclusive</u>	<u>3¢</u>

14 B. If the tax rate is 7%:

<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
<u>\$0.01 to \$0.07, inclusive</u>	<u>0¢</u>
<u>.08 to .21, inclusive</u>	<u>1¢</u>
<u>.22 to .35, inclusive</u>	<u>2¢</u>
<u>.36 to .49, inclusive</u>	<u>3¢</u>
<u>.50 to .64, inclusive</u>	<u>4¢</u>
<u>.65 to .78, inclusive</u>	<u>5¢</u>
<u>.79 to .92, inclusive</u>	<u>6¢</u>
<u>.93 to 1.00, inclusive</u>	<u>7¢</u>

18 When the sale price exceeds \$1, the tax added to the price is the
19 scheduled amount for each whole dollar plus the scheduled amount
20 for each fractional part of \$1.

22 **Sec. 4. 36 MRSA §2822, sub-§1**, as enacted by PL 1993, c. 410,
23 Pt. YY, §2 and affected by §6, is amended to read:

24 **1. Prepared food.** Every person in the business of selling
25 prepared food in establishments that are licensed pursuant to
26 Title 28-A, chapter 43 for on-premises consumption of liquor is
27 subject to a tax of 7% ~~3%~~ of the gross receipts of the business
28 from the sales of prepared food.

29 **Emergency clause.** In view of the emergency cited in the
30 preamble, this Act takes effect when approved.

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STATEMENT OF FACT

This bill reduces the sales tax from 6% to 3% and also
reduces the meals and lodging tax from 7% to 3%.