

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 1293

H.P. 917

House of Representatives, April 11, 1995

An Act to Reduce the Sales Tax to 5% by October 1, 1996.

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 CAMERON of Rumford.

Cosponsored by Representatives: CARLETON of Wells, CHICK of Lebanon, FARNUM of South Berwick, KEANE of Old Town, LANE of Enfield, LEMONT of Kittery, LOVETT of Scarborough, MARSHALL of Eliot, MURPHY of Berwick, PINKHAM of Lamoine, RICE of South Bristol.

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

2 **Sec. 1. 36 MRSA §1811**, as amended by PL 1993, c. 701, §§6 and
4 7, is further amended to read:

6 **§1811. Sales tax**

8 A tax is imposed on the value of all tangible personal
10 property and taxable services sold at retail in this State. The
12 rate of tax is 7% on the value of liquor sold in licensed
14 establishments as defined in Title 28-A, section 2, subsection
16 15, in accordance with Title 28-A, chapter 43; 7% on the value of
18 rental of living quarters in any hotel, rooming house, tourist or
20 trailer camp; 10% on the value of rental for a period of less
22 than one year of an automobile; 7% 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%
on the value of all other tangible personal property and
taxable services, 6% until October 1, 1995, 5 1/2% from October
1, 1995 to September 30, 1996 and 5% after September 30, 1996.
Value is measured by the sale price, except as otherwise provided.

24 The tax imposed upon the sale and distribution of gas, water
26 or electricity, or telephone or telegraph service, by any public
28 utility, the rates for which sale and distribution are
30 established by the Public Utilities Commission, shall must be
32 added to the rates so established. No tax shall may be imposed
upon the sale or use of electrical energy, or water stored for
the purpose of generating electricity, when the sale is to or by
a wholly owned subsidiary by or to its parent corporation, except
for electrical energy or water purchased for resale to or by such
a wholly owned subsidiary.

34 ~~On or before May 15th of each year, the State Budget Officer~~
36 ~~shall present a final estimate of General Fund revenues for the~~
38 ~~current fiscal year, taking into consideration an estimate of the~~
40 ~~Revenue Forecasting Committee. If estimated General Fund~~
42 ~~revenues for the current fiscal year exceed those of the prior~~
44 ~~fiscal year by 8% or more, on a base-to-base comparison excluding~~
one-time revenue gains and losses, revenue in an amount
equivalent to that generated by 0.5% of the tax on the sale of
personal property and taxable services taxed at a rate of 6% on
the effective date of this paragraph must be transferred by the
State Controller to the Maine Rainy Day Fund as described in this
section.

46 ~~Each month following a fiscal year during which General Fund~~
48 ~~revenues exceed those of the previous fiscal year by 8% or more,~~
50 ~~on a base-to-base comparison excluding one-time revenue gains and~~
losses, the State Controller shall transfer an amount equivalent

2 ~~to that generated over the preceding month by 0.5% of the tax on~~
3 ~~the sale of personal property and taxable services taxed at a~~
4 ~~rate of 6% on the effective date of this paragraph to the Maine~~
5 ~~Rainy Day Fund until such time as the tax imposed by this chapter~~
6 ~~is reduced.~~

7 ~~If General Fund revenues for any fiscal year, as determined~~
8 ~~by the State Controller at the close of the fiscal year following~~
9 ~~the end of that fiscal year, exceed those of the previous fiscal~~
10 ~~year by 8% or more, on a base to base comparison excluding~~
11 ~~one-time revenue gains and losses, the tax on the sale of these~~
12 ~~tangible personal property and taxable services taxed at a rate~~
13 ~~of 6% on the effective date of this paragraph shall fall by 0.5%~~
14 ~~on the subsequent October 1st, unless the Legislature takes~~
15 ~~action to prevent the reduction.~~

16
17 For the period beginning July 1, 1993 and ending June 30,
18 1995, the State Tax Assessor shall transfer each month to the
19 Tourism Marketing and Development Fund all receipts of taxes
20 imposed pursuant to this section on the value of liquor sold in
21 licensed establishments, as defined in Title 28-A, section 2,
22 subsection 15, in accordance with Title 28-A, chapter 43, on the
23 value of rental of living quarters in any hotel, rooming house,
24 tourist or trailer camp and rental for a period of less than one
25 year of an automobile and on the value of prepared food sold in
26 establishments that are licensed for on-premises consumption of
27 liquor pursuant to Title 28-A, chapter 43, less transfers
28 pursuant to Title 30-A, section 5681, subsection 5, in excess of
29 the base General Fund revenue estimates effective July 1, 1993
30 for the previous month. The State Tax Assessor shall reduce any
31 subsequent transfers to the Tourism Marketing and Development
32 Fund by an amount equal to the amount of General Fund revenues
33 defined in this paragraph that are below the base General Fund
34 estimates effective July 1, 1993 for the previous month. This
35 paragraph is repealed July 1, 1995.

36
37 Rental or lease of an automobile for more than one year must
38 be taxed at the time of the lease or rental transaction ~~at 6% of~~
39 on the following amount: the total monthly lease payment
40 multiplied by the number of payments in the lease or rental, the
41 amount of equity involved in any trade-in and the value of any
42 cash down payment. The rate of tax is 6% until October 1, 1995,
43 5 1/2% from October 1, 1995 to September 30, 1996 and 5% after
44 September 30, 1996.

45 **Sec. 2. 36 MRSA §1812, sub-§1**, as amended by PL 1991, c. 591,
46 Pt. XX, §§3 to 5 and affected by §§7 and 8, is further amended to
47 read:
48

