

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 493

S.P. 164

In Senate, January 28, 1997

An Act to Reduce the Maine State Sales Tax to 5%.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator LIBBY of York.
Cosponsored by Senator MacKINNON of York, Representatives: GERRY of Auburn,
GOODWIN of Pembroke, MACK of Standish, UNDERWOOD of Oxford, JOYNER of
Hollis, McALEVEY of Waterboro, WATERHOUSE of Bridgton.

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

2 **Sec. 1. 36 MRSA §1811, first ¶**, as amended by PL 1993, c. 701,
4 §6 and affected by §10, is further amended to read:

6 A tax is imposed on the value of all tangible personal
7 property and taxable services sold at retail in this State. The
8 rate of tax is 7% on the value of liquor sold in licensed
9 establishments as defined in Title 28-A, section 2, subsection
10 15, in accordance with Title 28-A, chapter 43; 7% on the value of
11 rental of living quarters in any hotel, rooming house, tourist or
12 trailer camp; 10% on the value of rental for a period of less
13 than one year of an automobile; 7% on the value of prepared food
14 sold in establishments that are licensed for on-premises
15 consumption of liquor pursuant to Title 28-A, chapter 43; and 6%
16 5% on the value of all other tangible personal property and
17 taxable services. Value is measured by the sale price, except as
18 otherwise provided.

20 **Sec. 2. 36 MRSA §1811, 3rd, 4th and 5th ¶¶**, as enacted by PL
21 1993, c. 410, Pt. KKKK, §1, are amended to read:

22 On or before May 15th of each year, the State Budget Officer
23 shall present a final estimate of General Fund revenues for the
24 current fiscal year, taking into consideration an estimate of the
25 Revenue Forecasting Committee. If estimated General Fund
26 revenues for the current fiscal year exceed those of the prior
27 fiscal year by 8% or more, on a base-to-base comparison excluding
28 one-time revenue gains and losses, revenue in an amount
29 equivalent to that generated by 0.5% of the tax on the sale of
30 personal property and taxable services taxed at a rate of 6% 5%
31 on the effective date of this paragraph must be transferred by
32 the State Controller to the Maine Rainy Day Fund as described in
33 this section.
34

35 Each month following a fiscal year during which General Fund
36 revenues exceed those of the previous fiscal year by 8% or more,
37 on a base-to-base comparison excluding one-time revenue gains and
38 losses, the State Controller shall transfer an amount equivalent
39 to that generated over the preceding month by 0.5% of the tax on
40 the sale of personal property and taxable services taxed at a
41 rate of 6% 5% on the effective date of this paragraph to the
42 Maine Rainy Day Fund until such time as the tax imposed by this
43 chapter is reduced.
44

45 If General Fund revenues for any fiscal year, as determined
46 by the State Controller at the close of the fiscal year following
47 the end of that fiscal year, exceed those of the previous fiscal
48 year by 8% or more, on a base-to-base comparison excluding
49 one-time revenue gains and losses, the tax on the sale of those
50

2 tangible personal property and taxable services taxed at a rate
of 6% ~~5%~~ on the effective date of this paragraph shall ~~fall falls~~
4 by 0.5% on the subsequent October 1st, unless the Legislature
takes action to prevent the reduction.

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

8 A-1. If the tax rate is 5%:

10	<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
12	<u>\$0.01 to \$0.10, inclusive</u>	<u>0¢</u>
	<u>.11 to .20, inclusive</u>	<u>1¢</u>
14	<u>.21 to .40, inclusive</u>	<u>2¢</u>
	<u>.41 to .60, inclusive</u>	<u>3¢</u>
16	<u>.61 to .80, inclusive</u>	<u>4¢</u>
	<u>.81 to 1.00, inclusive</u>	<u>5¢</u>

18 **Sec. 4. Effective date.** This Act takes effect on July 1, 1999.

22 **SUMMARY**

24 This bill reduces the sales tax from 6% to 5%, effective
July 1, 1999.