

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 513

H.P. 368

House of Representatives, January 28, 1997

An Act to Broaden the Sales Tax and Reduce the Current Sales Tax Rate.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative TRIPP of Topsham.
Cosponsored by Senator RUHLIN of Penobscot and
Representatives: GREEN of Monmouth, SAXL of Bangor.

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

4 **Sec. 1. 36 MRSA §1760**, as corrected in RR 1995, c. 2, §§94
and 95, is repealed and the following enacted in its place:

6 **§1760. Exemptions**

8 A tax on sales, storage or use may not be collected upon or
in connection with:

10 1. Exemptions by constitutional provisions. Sales that
12 this State is prohibited from taxing under the United States
14 Constitution or federal laws or under the Constitution of Maine;
and

16 3. Grocery staples. Sales of grocery staples.

18 **Sec. 2. 36 MRSA §1811**, as amended by PL 1995, c. 281, §§18
and 19 and affected by §42, is further amended by adding a new
20 paragraph at the end to read:

22 The State Tax Assessor shall deposit in a sales tax
24 reduction account the amount of General Fund revenue attributable
to collections from sales that were exempt from sales tax on
26 January 1, 1997. When the State Tax Assessor determines that the
amount in the sales tax reduction account is sufficient that the
28 6% tax rate can be reduced to 5% without a reducing of General
Fund revenues below what would have been collected without the
30 repeal of sales tax exemption, the State Tax Assessor shall
certify that fact to the Legislature and the 6% rate of tax is
32 reduced to 5% on the first day of the month following the
certification.

34

36 **SUMMARY**

38 This bill repeals all sales tax exemptions except for
40 grocery staples and exemptions that are constitutionally
42 required. The bill also provides that the State Tax Assessor
44 must place the revenue generated from the repeal of sales tax
46 exemptions into a separate account and that the sales tax is
reduced from 6% to 5% when the amount in the account permits the
reduction without a reduction in General Fund revenues from what
would have been collected in the absence of the repeal of sales
tax exemptions required by this bill.