

# MAINE STATE LEGISLATURE

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DATE: 5-30-97

(Filing No. H-738)

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
118TH LEGISLATURE  
FIRST SPECIAL SESSION

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 1243, L.D. 1763, Bill, "An Act to Establish the Local Option Lodging Tax"

Amend the amendment by striking out everything after the title and before the summary and inserting in its place the following:

'Amend the bill by striking out everything after the title and before the summary and inserting in its place the following:

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

Sec. 1. 36 MRSA c. 214 is enacted to read:

CHAPTER 214

OLD ORCHARD BEACH  
LOCAL OPTION LODGING TAX  
PILOT PROGRAM

§1815. Local option lodging tax; Old Orchard Beach

The Town of Old Orchard Beach shall establish a pilot program to implement a local option lodging tax as specified in this section.

1. Old Orchard Beach authorized to adopt. The Town of Old Orchard Beach may impose a local option lodging tax according to the provisions of this chapter. The local option lodging tax must be applied to the rental value of living quarters in a hotel, rooming house or tourist or trailer camp, within the town corporate limits, and may be applied at the rate of 0.5%, 1.0%, 1.5% or 2% in addition to the percentage rate applied by section 1811.

2 2. Notify State Tax Assessor. The Town of Old Orchard  
3 Beach shall notify the State Tax Assessor at least 180 days  
4 before the local tax takes effect to provide the State with  
5 sufficient time to prepare for administration of the local tax.

6 3. Administered by State. Retailers in the Town of Old  
7 Orchard Beach shall pay the tax at the time and in the manner  
8 provided for the payment of state sales tax and use tax on  
9 lodging and the local option lodging tax must be in addition to  
10 all other taxes. Taxes imposed pursuant to this section are  
11 subject to the same interest, penalty and administrative actions  
12 as are sales and use taxes pursuant to this Part.

13 4. Payment to town. Each month the State Tax Assessor  
14 shall identify the amount of revenue actually collected and  
15 attributable to the Town of Old Orchard Beach under this section,  
16 subtract the costs of administering this section and certify the  
17 net amount due the Town of Old Orchard Beach to the Local Option  
18 Lodging Tax Program. The Treasurer of State shall make monthly  
19 payments from the program to the treasurer of the Town of Old  
20 Orchard Beach of the net amounts certified by the State Tax  
21 Assessor and adjusted by this subsection. Revenue collected  
22 pursuant to this section is not considered to be receipts from  
23 the taxes imposed under this Part and Part 8 to be transferred to  
24 the Local Government Fund pursuant to Title 30-A, section 5681.

25 5. Use of local option lodging tax revenue. The revenue  
26 raised by the adoption of a local option lodging tax must be used  
27 by the Town of Old Orchard Beach for the payment of principle and  
28 interest to holders of bonds issued for the construction of a  
29 major capital project undertaken by the Town of Old Orchard  
30 Beach. For the purposes of this section, "major capital project"  
31 means the construction, renovation or expansion of a building or  
32 facility to be used for public purposes.

33 6. Limitations on local option lodging tax. When the  
34 municipal debt service obligation for a major capital project, as  
35 specifically authorized by the voters in a referendum vote  
36 authorizing the local option lodging tax, has been satisfied or  
37 when the voters in a referendum vote to deauthorize the local  
38 option lodging tax, the municipal officers of the Town of Old  
39 Orchard Beach shall notify the State Tax Assessor and the local  
40 option lodging tax is repealed on the first day of the month  
41 following 90 days after notification of the assessor.

42 7. Referendum. The question of whether to impose a local  
43 option lodging tax must be submitted to the legal voters of the  
44 Town of Old Orchard Beach.

45 The petition process and the voting at elections held in towns

and plantations must be held and conducted in accordance with  
Title 30-A, sections 2528, 2529 and 2532, even if the  
municipality has not accepted the provisions of Title 30-A,  
section 2528. The voting at elections held in municipalities  
must be held and conducted in accordance with Title 21-A. The  
municipal clerk shall make a return of the results, certify the  
results and send them to the Secretary of State. The Secretary  
of State shall forward the results to the State Tax Assessor and  
the Treasurer of State. The municipal clerk shall prepare the  
required ballots, which must contain the following question:

"Do you approve the imposition of a tax on lodging within  
the municipal corporate limits of the Town of Old Orchard  
Beach at the rate of % of the rental value of living  
quarters in a hotel, rooming house or tourist or trailer  
camp within the municipal corporate limits with all proceeds  
dedicated to the financing of a major capital project that  
is reasonably estimated to cost \$ for construction and  
is further described as follows:

The voters shall indicate by a cross or check mark placed against  
the word "Yes" or "No" their opinion of the same.

**8. Effective date of tax.** The tax authorized by this  
section takes effect 120 days after the municipal referendum vote  
if it is accepted by a majority of the legal voters voting at the  
election and the total number of votes cast for and against the  
acceptance of the local option lodging tax equals or exceeds 20%  
of the total vote cast in the most recent gubernatorial election.

**9. Local Option Lodging Tax Program.** The Local Option  
Lodging Tax Program is established within the Bureau of Taxation  
to enable the State Tax Assessor to segregate and administer the  
funds collected and attributable to the Town of Old Orchard Beach  
pursuant to this section.

**Sec. 2. Review by Bureau of Taxation.** The Bureau of Taxation  
shall provide oversight and guidance to the Town of Old Orchard  
Beach throughout the duration of the pilot program established in  
section 1 of this Act. At the end of the program, pursuant to  
the Maine Revised Statutes, Title 36, section 1815, subsection 6,  
the Bureau of Taxation shall provide a report with  
recommendations to the Legislature concerning the effectiveness  
of the program and the desirability of the program's expansion.'

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HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 1243,  
L.D. 1763

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## SUMMARY

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6 This bill establishes a pilot program to allow the Town of  
Old Orchard Beach to adopt a local option lodging tax at a rate  
8 not to exceed 2% of the rental value of living quarters in a  
hotel, rooming house or tourist or trailer camp, within the  
municipal corporate limits. The voters of the town must approve  
10 this local lodging tax at a local referendum.

12 The tax applies to the sales of the same lodging services to  
which the state sales and use tax currently applies.

14

16 All the provisions regarding assessment, collection and  
enforcement of the state tax also apply to the local option  
lodging tax. The State shall assess and collect the local  
18 lodging tax along with the state lodging tax and return the  
revenue raised to the Town of Old Orchard Beach. The Town of Old  
20 Orchard Beach must notify the State Tax Assessor at least 180  
days before the local lodging tax goes into effect. This will  
22 give the State Tax Assessor time to set up the procedures for  
administering the local tax.

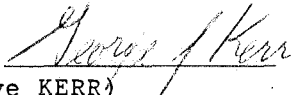
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26 The State Tax Assessor shall determine the amount of revenue  
raised by the Town of Old Orchard Beach's local lodging tax each  
month, subtract the administrative costs of the local tax and  
28 certify the amount to be returned to the Town of Old Orchard  
Beach. The Treasurer of State shall pay that certified amount to  
30 the Town of Old Orchard Beach each month.

32 The additional revenue raised by a local option lodging tax  
must be used by the Town of Old Orchard Beach to finance  
34 specifically approved major capital projects.

36

38 SPONSORED BY:

  
(Representative KERR)

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TOWN: Old Orchard Beach

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