

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## FIRST SPECIAL SESSION-1997

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Legislative Document

No. 1763

H.P. 1243

House of Representatives, April 9, 1997

**An Act to Establish the Local Option Lodging Tax.**

(AFTER DEADLINE)

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

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 KERR of Old Orchard Beach.

Cosponsored by Senator MURRAY of Penobscot and

Representatives: BRENNAN of Portland, BULL of Freeport, MARVIN of Cape Elizabeth, MAYO of Bath, TOWNSEND of Portland, Senators: ABROMSON of Cumberland, CAREY of Kennebec.

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

LOCAL OPTION LODGING TAX

§1815. Local option lodging tax

1. Municipalities authorized to adopt. The legislative body of a municipality 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 municipal corporate limits, and may be applied at the rate of no more than 2% in addition to the percentage rate applied by section 1811.

2. Notify State Tax Assessor. A municipality that imposes a local option lodging tax under this section shall notify the State Tax Assessor at least 90 days before the local tax takes effect to provide the State with sufficient time to prepare for administration of the local tax.

3. Administered by State. Retailers in a municipality that has imposed a local option lodging tax under this section shall pay the tax at the time and in the manner provided for the payment of state sales tax and use tax on lodging and the local option lodging tax must be in addition to all other taxes.

4. Payment to municipalities. Each month the State Tax Assessor shall identify the amount of revenue attributable to each municipality under this section, subtract the costs of administering this section and certify the net amount due each municipality to the Treasurer of State. The Treasurer of State shall make monthly payments to the municipal treasurer of the net amounts certified by the State Tax Assessor and adjusted by this subsection.

5. Use of local option lodging tax revenue. The revenue raised by the adoption of a local option lodging tax must be used by the municipality for the payment of principle and interest to holders of bonds issued for the construction of a major capital project undertaken by the municipality. For the purposes of this section, "major capital project" means the construction or expansion of a building or facility to be used for public purposes with a total construction cost of \$1,000,000 or more.

6. Limitations on local option lodging tax. When the municipal debt service obligation for a major capital project, as specifically authorized by the voters in a referendum vote authorizing the local option lodging tax, has been satisfied, the municipal officers shall notify the State Tax Assessor and the local option lodging tax is repealed.

**7. Referendum.** The question of whether to impose a local option lodging tax must be submitted to the legal voters of any municipality that seeks to impose the local option lodging tax.

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 (name of municipality) 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.

## SUMMARY

This bill allows municipalities to adopt a local option lodging tax at a rate not to exceed 2% of the rental value of living quarters in a hotel, rooming house or tourist or trailer

2 camp, within the municipal corporate limits. The voters of the  
town must approve this local lodging tax at a local referendum.

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

6 All the provisions regarding assessment, collection and  
8 enforcement of the state tax also apply to the local option  
lodging tax. The State shall assess and collect the local  
10 lodging tax along with the state lodging tax and return the  
revenue raised to the municipality. The municipality must notify  
12 the State Tax Assessor at least 90 days before the local lodging  
tax goes into effect. This will give the State Tax Assessor time  
14 to set up the procedures for administering the local tax.

16 The State Tax Assessor shall determine the amount of revenue  
raised by each municipality's local lodging tax each month,  
18 subtract the administrative costs of the local tax and certify  
the amount to be returned to each municipality. The Treasurer of  
20 State shall pay that certified amount to each participating  
municipality each month.

22 The additional revenue raised by a local option lodging tax  
24 must be used by the municipality to finance specifically approved  
major capital projects.