

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 372

H.P. 268

House of Representatives, January 14, 1999

An Act to Roll Back All Sales Tax to 5%.

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 MENDROS of Lewiston.
Cosponsored by Senator BENNETT of Oxford and
Representatives: BRAGDON of Bangor, BUCK of Yarmouth, DUGAY of Cherryfield,
GLYNN of South Portland, GOODWIN of Pembroke, MacDOUGALL of North Berwick,
WINSOR of Norway, Senator: LIBBY of York.

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

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Sec. 1. 36 MRSA §1811, as amended by PL 1995, c. 281, §§18 and 19 and affected by §42, is further amended to read:

§1811. Sales tax

A tax is imposed on the value of all tangible personal property and taxable services sold at retail in this State. The rate of tax is ~~7%~~ 5% on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43; ~~7%~~ 5% on the value of rental of living quarters in any hotel, rooming house, tourist or trailer camp; ~~10%~~ 5% on the value of rental for a period of less than one year of an automobile; ~~7%~~ 5% 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%~~ 5% on the value of all other tangible personal property and taxable services. Value is measured by the sale price, except as otherwise provided.

The tax imposed upon the sale and distribution of gas, water or electricity, or telephone or telegraph service, by any public utility, the rates for which sale and distribution are established by the Public Utilities Commission, shall must be added to the rates so established. ~~No A tax shall~~ may not 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 wholly owned subsidiary.

On or before May 15th of each year, the State Budget Officer shall present a final estimate of General Fund revenues for the current fiscal year, taking into consideration an estimate of the Revenue Forecasting Committee. If estimated General Fund revenues for the current fiscal year exceed those of the prior 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.

Beginning in the year 2000, if estimated General Fund revenues for the current fiscal year exceed those of the prior 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

2 personal property and taxable services taxed at a rate of 5% on
3 the effective date of this paragraph must be transferred by the
4 State Controller to the Maine Rainy Day Fund as described in this
5 section.

6 Each month following a fiscal year during which General Fund
7 revenues exceed those of the previous fiscal year by 8% or more,
8 on a base-to-base comparison excluding one-time revenue gains and
9 losses, the State Controller shall transfer an amount equivalent
10 to that generated over the preceding month by 0.5% of the tax on
11 the sale of personal property and taxable services taxed at a
12 rate of 6% on the effective date of this paragraph to the Maine
13 Rainy Day Fund until such time as the tax imposed by this chapter
14 is reduced.

16 Beginning in the year 2000, each month following a fiscal
17 year during which General Fund revenues exceed those of the
18 previous fiscal year by 8% or more, on a base-to-base comparison
19 excluding one-time revenue gains and losses, the State Controller
20 shall transfer an amount equivalent to that generated over the
21 preceding month by 0.5% of the tax on the sale of personal
22 property and taxable services taxed at a rate of 5% on the
23 effective date of this paragraph to the Maine Rainy Day Fund
24 until such time as the tax imposed by this chapter is reduced.

26 If General Fund revenues for any fiscal year, as determined
27 by the State Controller at the close of the fiscal year following
28 the end of that fiscal year, exceed those of the previous fiscal
29 year by 8% or more, on a base-to-base comparison excluding
30 one-time revenue gains and losses, the tax on the sale of those
31 tangible personal property and taxable services taxed at a rate
32 of 6% on the effective date of this paragraph shall fall by 0.5%
33 on the subsequent October 1st, unless the Legislature takes
34 action to prevent the reduction.

36 Beginning in the year 2000, if General Fund revenues for any
37 fiscal year, as determined by the State Controller at the close
38 of the fiscal year following the end of that fiscal year, exceed
39 those of the previous fiscal year by 8% or more, on a
40 base-to-base comparison excluding one-time revenue gains and
41 losses, the tax on the sale of those tangible personal property
42 and taxable services taxed at a rate of 5% on the effective date
43 of this paragraph shall fall by 0.5% on the subsequent October
44 1st, unless the Legislature takes action to prevent the reduction.

46 Rental or lease of an automobile for one year or more must
47 be taxed at the time of the lease or rental transaction at 6% ~~5%~~
48 of the following: the total monthly lease payment multiplied by
49 the number of payments in the lease or rental, the amount of
50 equity involved in any trade-in and the value of any cash down

1 payment. Collection and remittance of the tax is the
2 responsibility of the person that negotiates the lease
3 transaction with the lessee.

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SUMMARY

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The purpose of this bill is to reduce the sales tax to 5% on
all taxable items.