

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

No. 410

H.P. 302

House of Representatives, January 14, 1999

**An Act to Reduce the Sales Tax to 5%.**

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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 MACK of Standish.

Cosponsored by Representatives ANDREWS of York, BUCK of Yarmouth, CLOUGH of Scarborough, GLYNN of South Portland, KASPRZAK of Newport, LEMONT of Kittery, MENDROS of Lewiston,

Senator LIBBY of York and

Representatives: BERRY of Belmont, CAMPBELL of Holden, MacDOUGALL of North Berwick, McKENNEY of Cumberland, MURPHY of Kennebunk, WHEELER of Eliot,

Senators: AMERO of Cumberland, MILLS of Somerset.

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

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

6           A tax is imposed on the value of all tangible personal  
8           property and taxable services sold at retail in this State. The  
10          rate of tax is 7% on the value of liquor sold in licensed  
12          establishments as defined in Title 28-A, section 2, subsection  
14          15, in accordance with Title 28-A, chapter 43; 7% on the value of  
16          rental of living quarters in any hotel, rooming house, tourist or  
18          trailer camp; 10% on the value of rental for a period of less  
            than one year of an automobile; 7% 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.

20         **Sec. 2. 36 MRSA §1811, 3rd, 4th and 5th ¶¶**, as enacted by PL  
22         1993, c. 410, Pt. KKKK, §1, are amended to read:

24           On or before May 15th of each year, the State Budget Officer  
26           shall present a final estimate of General Fund revenues for the  
28           current fiscal year, taking into consideration an estimate of the  
30           Revenue Forecasting Committee. If estimated General Fund  
32           revenues for the current fiscal year exceed those of the prior  
34           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%~~  
            5% 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.

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

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

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 MRS §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 October 1,  
20 1999.

22 **SUMMARY**

24 This bill reduces the sales tax to 5%, effective October 1,  
26 1999.