

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)



# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

---

Legislative Document

No. 417

S.P. 148

In Senate, January 14, 1999

**An Act to Reduce the Threshold at which the State Sales Tax is  
Automatically Reduced.**

---

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator LIBBY of York.  
Cosponsored by Senators: BENNETT of Oxford, MacKINNON of York, MILLS of Somerset,  
Representative: GERRY of Auburn.

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

2           **Sec. 1. 36 MRSA §1811**, as amended by PL 1995, c. 281 §§18 and  
4 19 and affected by §42, is further amended to read:

6           **§1811. Sales tax**

8           A tax is imposed on the value of all tangible personal  
10 property and taxable services sold at retail in this State. The  
12 rate of tax is 7% on the value of liquor sold in licensed  
14 establishments as defined in Title 28-A, section 2, subsection  
16 15, in accordance with Title 28-A, chapter 43; 7% on the value of  
18 rental of living quarters in any hotel, rooming house, tourist or  
20 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 1/2% on the value of all other tangible personal property and  
taxable services. Value is measured by the sale price, except as  
otherwise provided.

22           The tax imposed upon the sale and distribution of gas, water  
24 or electricity, or telephone or telegraph service, by any public  
26 utility, the rates for which sale and distribution are  
28 established by the Public Utilities Commission, shall must be  
30 added to the rates so established. No tax shall may be imposed  
32 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.

34           On or before May 15th of each year, the State Budget Officer  
36 shall present a final estimate of General Fund revenues for the  
38 current fiscal year, taking into consideration an estimate of the  
40 Revenue Forecasting Committee. If estimated General Fund  
42 revenues for the current fiscal year exceed those of the prior  
44 fiscal year by 8% 5% 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  
1/2% ~~on the effective date of this paragraph~~ January 1, 1999 must  
be transferred by the State Controller to the Maine Rainy Day  
Fund as described in this section.

46           Each month following a fiscal year during which General Fund  
48 revenues exceed those of the previous fiscal year by 8% 5%  
50 or more, on a base-to-base comparison excluding one-time revenue  
52 gains and losses, the State Controller shall transfer an amount  
equivalent 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 1/2% ~~on the effective date of this~~

2 paragraph January 1, 1999 to the Maine Rainy Day Fund until such  
time as the tax imposed by this chapter is reduced.

4 If General Fund revenues for any fiscal year, as determined  
6 by the State Controller at the close of the fiscal year following  
the end of that fiscal year, exceed those of the previous fiscal  
8 year by 8% 5% or more, on a base-to-base comparison excluding  
one-time revenue gains and losses, the tax on the sale of those  
10 tangible personal property and taxable services taxed at a rate  
of 6% 5 1/2% on ~~the effective date of this paragraph shall~~  
12 January 1, 1999 must fall by 0.5% on the subsequent October 1st,  
unless the Legislature takes action to prevent the reduction.

14 Rental or lease of an automobile for one year or more must  
be taxed at the time of the lease or rental transaction at 6% 5  
16 1/2% of the following: the total monthly lease payment  
multiplied by the number of payments in the lease or rental, the  
18 amount of equity involved in any trade-in and the value of any  
cash down payment. Collection and remittance of the tax is the  
20 responsibility of the person that negotiates the lease  
transaction with the lessee.

## 24 SUMMARY

26 This bill changes the trigger for a 1/2% reduction in the  
sales tax from an 8% increase in General Fund revenues on a  
28 base-to-base comparison to 5% of General Fund revenues on a  
base-to-base comparison. The bill also makes changes to reflect  
30 the reduction of the sales tax from 6% to 5 1/2% on October 1,  
1998.