

MAINE STATE LEGISLATURE

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**STATE OF MAINE
SENATE
119TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 291, L.D. 809, Bill, "An Act to Create a Local Option Sales and Use Tax"

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

'Sec. 1. 36 MRSA §1816 is enacted to read:

§1816. Local option sales and use tax

1. Municipalities authorized to adopt. If the legal voters of a municipality give their approval in a referendum vote, the legislative body of that municipality may impose a local option sales and use tax of up to 1% on transactions subject to the tax imposed under this chapter.

2. Notify State Tax Assessor. A municipality that imposes a local option sales and use tax under this section shall notify the State Tax Assessor at least 90 days before the local tax is effective.

3. Administered by State. Retailers in a municipality that has imposed a local option sales and use tax under this section shall transfer the revenue from that tax at the time of and in the manner provided for the transfer of state sales and use tax revenue. The tax is subject to the same interest, penalties and administrative actions as other taxes assessed under this Part.

COMMITTEE AMENDMENT

4. Transfer of revenue. 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 municipal treasurers of the net amounts certified by the State Tax Assessor under this subsection. Revenue collected pursuant to this section is not considered to be receipts from the taxes imposed under this Part for purposes of transfers to the Local Government Fund under Title 30-A, section 5681.

5. Use of local sales and use tax revenue. The revenue raised by the adoption of a local option sales and use tax must be held by the municipality in a special revenue account established for that purpose. Revenue from that account may be expended only if specifically authorized by an appropriation of the local legislative body for public improvements or economic development or to reduce the property tax commitment.

6. Referendum. The question of whether to impose a local option sales and use tax must be submitted to the legal voters of a municipality that seeks to impose the local option sales and use 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 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. The municipal clerk shall prepare the required ballots, which must contain the following question:

"Do you favor a local option sales and use tax in the amount of _____?"

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

The local option sales and use tax may be discontinued in the same manner.

7. 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 local voters voting at the election and the total number of votes cast for and against the acceptance of the local option sales and use tax equals or

exceeds 20% of the total number of votes cast in that municipality in the most recent gubernatorial election.

Sec. 2. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

2000-01

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Bureau of Revenue Services

Positions - Legislative Count	(1,000)
Personal Services	\$29,920
All Other	132,225

Provides funds for one Senior Tax Examiner position and related expenses, mailing and notification costs and computer programming costs to implement the local option sales and use tax.

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

TOTAL \$162,145

Sec. 3. Effective date. This Act takes effect October 1, 2000.'

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

2000-01

APPROPRIATIONS/ALLOCATIONS

General Fund	\$162,145
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This bill includes a General Fund appropriation of \$162,145 in fiscal year 2000-01 to the Bureau of Revenue Services for one Senior Tax Examiner position and associated administrative expenses to implement the local option sales and use tax. The estimated future administrative costs are estimated to be \$45,000 annually. If the number of municipalities participating increases beyond 10 to 15, the administrative costs will increase.

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2 This bill authorizes the Bureau of Revenue Services to
4 subtract the costs of administering the local option sales and
6 use tax. The additional General Fund revenue collected to offset
the administrative costs will depend on local decisions to adopt
the tax and can not be estimated at this time.

8 The additional costs associated with making the monthly
10 payments to participating municipalities can be absorbed by the
Office of the Treasurer of State utilizing existing budgeted
resources.'

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SUMMARY

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This amendment allows a municipality to adopt a local option
sales and use tax. It also adds a fiscal note to the bill.