

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 809

S.P. 291

In Senate, January 28, 1999

An Act to Create a Local Option Sales and Use Tax.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MURRAY of Penobscot.
Cosponsored by Representative GAGNON of Waterville and
Senator NUTTING of Androscoggin, Representatives: PERRY of Bangor, SAXL of Bangor.

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

Sec. 1. 36 MRSA §1815 is enacted to read:

§1815. 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 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 and in the manner provided for the transfer of state sales and use tax revenue, except that the local option tax revenue must be transferred to the treasurer of the municipality in which the sales transaction occurred.

4. Transfer of revenue to county government. No later than the first day of April of each year, the municipal treasurer of each municipality that has adopted a local option sales and use tax shall transfer to the treasurer of the county in which the municipality is located 50% of the revenue from that tax received by that municipality during that municipal tax year. Prior to apportioning the county tax on any municipality pursuant to Title 30-A, section 706 or any other section of law, the county commissioners shall apply 100% of the revenue received under this section to reduce the aggregate amount to be committed to the county treasurer for collection.

5. Use of local sales and use tax revenue. Fifty percent of 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. Except for the revenue transferred to the county treasurer pursuant to subsection 4, 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

2 a municipality that seeks to impose the local option sales and
3 use tax.

4 The petition process and the voting at elections held in
5 towns and plantations must be held and conducted in accordance
6 with Title 30-A, sections 2528, 2529 and 2532 even if the
7 municipality has not accepted the provisions of section 2528.
8 The voting at elections held in municipalities must be held and
9 conducted in accordance with Title 21-A. The municipal clerk
10 shall make a return of the results, certify the results and send
11 them to the Secretary of State. The Secretary of State shall
12 forward the results to the State Tax Assessor. The municipal
13 clerk shall prepare the required ballots, which must contain the
14 following question:

15 "Do you favor a local option sales and use tax in the amount
16 of 1%?"

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

19 7. Effective date of tax. The tax authorized by this
20 section takes effect 120 days after the municipal referendum vote
21 if it is accepted by a majority of the local voters voting at the
22 election and the total number of votes cast for and against the
23 acceptance of the local option sales and use tax equals or
24 exceeds 20% of the total vote cast in the most recent
25 gubernatorial election.

30 SUMMARY

31 This bill allows a municipality to create a local option
32 sales and use tax.