

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 832

H.P. 592

House of Representatives, January 28, 1999

An Act to Reduce the Sales Tax and Review All Tax-exempt Entities.

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 GOODWIN of Pembroke.
Cosponsored by Senator CASSIDY of Washington and
Representatives: DUGAY of Cherryfield, FRECHETTE of Biddeford, GILLIS of Danforth,
McALEVEY of Waterboro, MENDROS of Lewiston, SHOREY of Calais, WHEELER of Eliot.

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

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

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% on the value of rental of living quarters in any hotel, rooming house, tourist or trailer camp; 10% 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.

Sec. 2. 36 MRSA §1812, sub-§1, ¶A, as repealed and replaced by PL 1991, c. 591, Pt. XX, §3 and affected by §§7 and 8, is repealed and the following enacted in its place:

A. If the tax rate is 5%:

<u>Amount of Sale Price</u>	<u>Amount of Tax</u>
<u>\$0.01 to \$0.10, inclusive</u>	<u>0¢</u>
<u>.11 to .20, inclusive</u>	<u>1¢</u>
<u>.21 to .40, inclusive</u>	<u>2¢</u>
<u>.41 to .60, inclusive</u>	<u>3¢</u>
<u>.61 to .80, inclusive</u>	<u>4¢</u>
<u>.81 to 1.00, inclusive</u>	<u>5¢</u>

Sec. 3. Review of tax-exempt status. Every organization that is exempt from the sales tax pursuant to the Maine Revised Statutes, Title 36, section 1760 shall reapply to the Bureau of Revenue Services for exempt status within 120 days of the effective date of this Act. The Bureau of Revenue Services shall review each application to determine the eligibility of the applicant to retain exempt status pursuant to Title 36, section 1760. The applicant retains exempt status during the pendency of the application as long as the application is timely filed. The Bureau of Revenue Services shall revoke the exempt status of any organization that fails to reapply for exempt status within 120 days of the effective date of this Act and may not restore exempt status to the applicant until the bureau determines that the applicant is eligible for exempt status pursuant to Title 36, section 1760.

SUMMARY

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This bill reduces the sales tax on liquor sold in licensed establishments and the value of food sold in establishments that are licensed for on-premises consumption of liquor from 7% to 5% and on the value of other property and taxable services from 6% to 5%. This bill also requires every organization that is now exempt from the sales tax to reapply to the Bureau of Revenue Services for exempt status or lose exempt status from the sales tax.