

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 2024

H.P. 1417

House of Representatives, March 24, 1999

An Act to Establish the Local Option Tax on Liquor, Meals and Lodging.

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

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 GAGNON of Waterville.
Cosponsored by Senator RAND of Cumberland.

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

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Sec. 1. 36 MRSA c. 214 is enacted to read:

CHAPTER 214

LOCAL OPTION LIQUOR, MEALS AND LODGING TAX

§1821. Local option liquor, meals and lodging tax

1. Municipalities authorized to adopt. The legislative body of a municipality may impose a local option tax according to the provisions of this chapter on the same liquor, meals and lodging taxed under section 1811 when provided within the municipal corporate limits. The tax may be applied at the rate of 0.5%, 1.0%, 1.5% or 2% in addition to the percentage rate applied by section 1811.

2. Notify State Tax Assessor. A municipality that imposes a local option tax under this section shall notify the State Tax Assessor at least 180 days before the local tax takes effect to provide the State with sufficient time to prepare for administration of the local tax.

3. Administered by State. Retailers in a municipality that has imposed a local option tax under this section shall pay the tax at the time and in the manner provided for the payment of state sales and use taxes on liquor, meals and lodging, and the local option tax must be in addition to all other taxes. Taxes imposed pursuant to this section are subject to the same interest, penalty and administrative actions as are sales and use taxes pursuant to this Part.

4. Payment to municipalities. Each month the State Tax Assessor shall identify the amount of revenue actually collected and attributable to each municipality under this section, subtract the costs of administering this section and certify the net amount due each municipality to the Local Option Liquor, Meals and Lodging Tax Program under subsection 10. The Treasurer of State shall make monthly payments from the program to the municipal treasurer of the net amounts certified by the State Tax Assessor and adjusted by this subsection. Revenue collected pursuant to this section is not considered to be receipts from the taxes imposed under this Part and Part 8 to be transferred to the Local Government Fund pursuant to Title 30-A, section 5681.

5. Use of local option liquor, meals and lodging tax revenue. The revenue raised by the adoption of a local option liquor, meals and lodging tax must be used by the municipality for the payment of principal and interest to holders

2 of bonds issued for the construction of a major capital project
3 undertaken by the municipality or for municipal roads. For the
4 purposes of this section, "major capital project" means the
5 construction, renovation or expansion of a building or facility
6 to be used for public purposes.

7 6. Limitations on local option tax. When the municipal
8 debt service obligation for a major capital project, as
9 specifically authorized by the voters in a referendum vote
10 authorizing the local option liquor, meals and lodging tax, has
11 been satisfied or when the voters in a referendum vote to
12 deauthorize the local option liquor, meals and lodging tax, the
13 municipal officers shall notify the State Tax Assessor and the
14 local option tax is repealed on the first day of the month
15 following 90 days after notification of the assessor.

16 7. Referendum. The question of whether to impose a local
17 option tax must be submitted to the legal voters of any
18 municipality that seeks to impose the local option tax.

19 The petition process and the voting at elections held in towns
20 and plantations must be held and conducted in accordance with
21 Title 30-A, sections 2528, 2529 and 2532, even if the
22 municipality has not accepted the provisions of Title 30-A,
23 section 2528. The voting at elections held in municipalities
24 must be held and conducted in accordance with Title 21-A. The
25 municipal clerk shall make a return of the results, certify the
26 results and send them to the Secretary of State. The Secretary
27 of State shall forward the results to the State Tax Assessor and
28 the Treasurer of State. The municipal clerk shall prepare the
29 required ballots, which must contain the following question:

30 "Do you approve the imposition of a tax on liquor, meals and
31 lodging provided within the municipal corporate limits of
32 (name of municipality) at the rate of % with all proceeds
33 dedicated to the financing of a major capital project that
34 is reasonably estimated to cost \$ for construction,
35 renovation or expansion and is further described as follows:
36 _____?"

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

39 8. Effective date of tax. The tax authorized by this
40 section takes effect 120 days after the municipal referendum vote
41 if it is accepted by a majority of the legal voters voting at the
42 election and the total number of votes cast for and against the
43 acceptance of the local option tax equals or exceeds 20% of the
44 total vote cast in the most recent gubernatorial election.

2 9. Charter municipalities. A municipality with a charter
3 that allows the creation of municipal debt obligations without a
4 vote by the legal voters of the municipality is not subject to
5 subsections 6, 7 and 8 and may impose or deauthorize the local
6 option liquor, meals and lodging tax to be used in accordance
7 with subsection 5 pursuant to the municipal charter. A tax
8 imposed pursuant to this subsection takes effect 120 days after
9 enactment by the municipal officials and, if repealed, is
10 repealed on the first day of the month following 90 days after
11 notification of the State Tax Assessor.

12 10. Local Option Liquor, Meals and Lodging Tax Program.
13 The Local Option Liquor, Meals and Lodging Tax Program is
14 established within the Bureau of Revenue Services to enable the
15 State Tax Assessor to segregate and administer the funds
16 collected and attributable to each municipality that adopts a
17 local option liquor, meals and lodging tax.

20 SUMMARY

22 This bill allows municipalities to adopt a local option tax
23 at a rate not to exceed 2% on liquor, meals and lodging that are
24 provided within the municipal corporate limits. The voters of
25 the town must approve this local tax at a local referendum,
26 unless the municipality has a charter that allows the issuance of
27 municipal bonds without a referendum vote.

28 The tax applies to the sales of the same liquor, meals and
29 lodging services to which the state sales and use tax currently
30 applies.

31 All the provisions regarding assessment, collection and
32 enforcement of the state sales and use tax also apply to the
33 local option tax. The State shall assess and collect the local
34 option tax along with the state tax and return the revenue raised
35 to the municipality. The municipality must notify the State Tax
36 Assessor at least 180 days before the local option tax goes into
37 effect. This will give the State Tax Assessor time to set up the
38 procedures for administering the local option tax.

39 The State Tax Assessor shall determine the amount of revenue
40 raised by each municipality's local tax each month, subtract the
41 administrative costs of the local tax and certify the amount to
42 be returned to each municipality. The Treasurer of State shall
43 pay that certified amount to each participating municipality each
44 month.

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2 The additional revenue raised by the local option tax must
be used by the municipality to finance specifically approved
major capital projects.