

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 883

S.P. 251

In Senate, February 15, 2001

An Act to Return a Percentage of Sales and Use Tax to Municipalities.

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 LEMONT of York.
Cosponsored by Representative MENDROS of Lewiston and
Representatives: ANDREWS of York, COLLINS of Wells, McGOWAN of Pittsfield,
McNEIL of Rockland, PERRY of Bangor.

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

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4 **Sec. 1. 30-A MRSA §5686** is enacted to read:

6 **§5686. Sales tax sharing**

8 **1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

10 A. "Baseline amount" means the receipts from the tax imposed under Title 36, Part 3 in fiscal year 2000-01, after the amount transferred under section 5681.

12 B. "Local share of sales and use tax" means 10% of the amount by which receipts for a fiscal year from the tax imposed under Title 36, Part 3, after the amount transferred under section 5681, exceed the baseline amount.

14 **2. Fund established.** There is established the Sales Tax Sharing Fund for the purpose of returning a portion of sales tax revenues to the municipalities where those taxes were collected.

16 **3. Transfer.** The Treasurer of State shall transfer to the local share of sales and use tax for the previous fiscal year to the Sales Tax Sharing Fund on September 1st annually beginning in 2002.

18 **4. Identification.** By the September 1st annually, the State Tax Assessor shall identify the proportion of sales tax revenue collected from each municipality in the preceding fiscal year and provide those proportions to the Treasurer of State.

20 **5. Distribution.** The Treasurer of State shall distribute the balance in the Sales Tax Sharing Fund by September 25th annually to municipalities based on the proportion of collections provided by the State Tax Assessor under subsection 4.

22 **6. Plantations and unorganized territory.** For purposes of this section, the following must be treated as if they were municipalities:

24 A. Plantations;

26 B. The unorganized territory tax district; and

28 C. The Indian territories of the Passamaquoddy Tribe and the Penobscot Nation.

SUMMARY

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4 This bill requires the State beginning September 2002 to
6 distribute to municipalities 10% of the amount by which sales and
8 use tax revenues for the preceding fiscal year exceeds sales and
 use tax revenues in fiscal year 2000-01. The local revenues are
 distributed to municipalities based upon the proportion of sales
 and use tax revenue attributable to the municipality.