

MAINE STATE LEGISLATURE

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MAJORITY
BUSINESS AND ECONOMIC DEVELOPMENT

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1230, L.D. 1677, Bill, "An Act to Enhance Tourism Promotion and Increase State Revenues"

Amend the bill in section 1 in that part designated "**\$13090-K.**" by striking out all of subsections 2 and 3 (page 1, lines 11 to 37 in L.D.) and inserting in their place the following:

'2. Source of fund. On or before July 31, 2002, the State Controller shall transfer to the Tourism Marketing Promotion Fund \$6,874,095 from the General Fund sales and use tax revenues. Beginning July 1, 2003 and every July 1st thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount as certified by the State Tax Assessor, that is equivalent to 7.75% of the 7% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the first 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund as described by Title 30-A, section 5681, subsection 5. Beginning October 1, 2003 and every October 1st thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 7.75% of the 7% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the last 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund. The tax amount must be based on actual sales for that fiscal year and may not consider any accruals that may be required by law. The amount transferred from General Fund sales and use tax revenues does not affect the calculation for the transfer to the Local Government Fund.

3. Restrictions on expenditures. A minimum of 10% of the funds received by the Tourism Marketing Promotion Fund in accordance with subsection 2 must be used for regional marketing promotion and regional special events promotion.'

Further amend the bill by striking out all of section 2.

Further amend the bill by striking out all of sections 3 and 4 and inserting in its place the following:

'Sec. 3. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

2002-03

**ECONOMIC AND COMMUNITY DEVELOPMENT,
DEPARTMENT OF**

Office of Tourism

Positions - Legislative Count	(-7.000)
Personal Services	(\$438,314)
All Other	(4,210,132)

Deappropriates funds to permit the transfer of 7 positions and program operations from the General Fund to the Other Special Revenue funds program account.

**DEPARTMENT OF ECONOMIC AND COMMUNITY
DEVELOPMENT**

TOTAL	(\$4,648,446)
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Sec. 4. Allocation. The following funds are allocated from Other Special Revenue funds to carry out the purposes of this Act.

2002-03

**ECONOMIC AND COMMUNITY
DEVELOPMENT, DEPARTMENT OF**

Office of Tourism

Positions - Legislative Count	(7.000)
Personal Services	\$438,314
All Other	6,435,781

Allocates funds to permit the transfer in of 7 positions and program operations from the General Fund to the Other Special Revenue funds program account and to increase tourism promotion.

**DEPARTMENT OF ECONOMIC AND
COMMUNITY DEVELOPMENT
TOTAL**

\$6,874,095'

Further amend the bill by striking out all of section 5.

Further amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

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

FISCAL NOTE

2002-03

APPROPRIATIONS/ALLOCATIONS

General Fund	(\$4,648,446)
Other Funds	6,874,095

REVENUES

General Fund	(\$6,874,095)
Other Funds	6,874,095

The bill reduces General Fund revenue by \$6,874,095 in fiscal year 2002-03 by requiring the transfer of that amount from sales tax revenue to the Tourism Marketing Promotion Fund. The transfer is required to be made after the transfer to the Local Government Fund. An Other Special Revenue funds allocation in this amount is provided to the Office of Tourism within the Department of Economic and Community Development for the salary and benefits of 7 positions and program operations.

Since the Office of Tourism program will be supported with dedicated revenue beginning in fiscal year 2002-03, the bill includes General Fund deappropriations from the office of \$4,648,446.

2 Beginning in fiscal year 2003-04, the bill requires
4 transfers of 7.75% of the 7% tax on meals and lodging to the
Tourism Marketing Promotion Fund. This transfer is also required
6 to be made after the transfer to the Local Government Fund. As a
result, General Fund revenue from the sales and use tax will
8 decrease by \$7,674,903 and \$8,033,573 in fiscal years 2003-04 and
2004-05, respectively. Corresponding increases in dedicated
revenue to the Tourism Marketing Promotion Fund will occur.

10
12 The Governor's proposed "current services" budget as amended
by Committee Amendment "A" and the Governor's proposed
14 supplemental, "Part 2," budget include proposals to fund the
Tourism Marketing Promotion Fund. This estimate of the fiscal
16 impact may need to be adjusted based on final legislative actions
on those budget bills.'

18 SUMMARY

20
22 This amendment, which is the majority report of the Joint
Standing Committee on Business and Economic Development,
24 dedicates 7.75% of the 7% tax on meals and lodging to generate
approximately the same amount of revenue for tourism promotion as
the original bill. The amendment also strikes from the bill a
26 proposed increase from 5% to 7% on meals sold at establishments
not licensed for on-premises consumption of liquor. It also
28 strikes from the original bill the role of oversight of the
Tourism Marketing Promotion Fund by the Maine Tourism Commission.