MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
http://legislature.maine.gov/lawlib

121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document	No. 1094
S.P. 366	In Senate, March 4, 2003

An Act To Replace the Sales Tax with a Gross Receipts Tax

Reference to the Committee on Taxation suggested and ordered printed.

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator GAGNON of Kennebec.
Cosponsored by Senator: President DAGGETT of Kennebec.

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

CONCEPT DRAFT
SUMMARY

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to replace the State's sales tax with a gross receipts tax that has the following characteristics.

1. The tax will be modeled on the New Mexico gross receipts tax, but without the exemptions contained in that tax.

2. The tax will apply to the final sale of all products and services. Sales of products and services that are incorporated into a product or service for resale would not be exempt. Sales of products and services for resale would not be taxed. Sales by businesses that qualify as nonprofit organizations under Section 501(c)(3) of the federal Internal Revenue Code would be exempt.

3. The tax would be a tax paid by a business selling products or services based on the gross receipts of the business. Businesses would file monthly or quarterly returns with the Department of Administrative and Financial Services, Bureau of Revenue Services. The tax would not be separately stated at the time of sale.

4. The bill could provide different rates for different categories of businesses or sales.

5. The tax may contain a 1% local option tax to be used to reduce the property tax.

6. The tax may provide for a floating tax rate that will fluctuate within defined limits based on economy.