

# MAINE STATE LEGISLATURE

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# 122nd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2005

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Legislative Document

No. 1132

S.P. 396

In Senate, March 8, 2005

### **An Act To Dedicate a Portion of Sales Tax Revenue to Municipalities and Counties**

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script, reading 'Joy J. O'Brien'.

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator PERRY of Penobscot.  
Cosponsored by Representative DUNN of Bangor and  
Senator: STRIMLING of Cumberland.

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

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

6 **§5686. Local Sales Tax Fund**

8 1. Fund established. The Local Sales Tax Fund, referred to  
10 in this section as "the fund," is established for the purpose of  
sharing revenues from the state sales and use tax with counties  
and municipalities.

12 2. Definitions. As used in this section, unless the  
14 context otherwise indicates, the following terms have the  
following meanings.

16 A. "General Fund sales tax ceiling" means \$914,710,000.

18 B. "Local sales tax share" means 20% of the amount  
20 determined by subtracting the General Fund sales tax ceiling  
from the amount of General Fund revenue under Title 36, Part  
22 3 for a fiscal year, after the transfers required under  
section 5681, subsection 5.

24 3. Transfers to fund. Beginning in fiscal year 2005-06, at  
26 the close of each fiscal year, the State Treasurer shall transfer  
to the fund the local sales tax share.

28 4. Distribution of fund. Amounts transferred to the fund  
30 at the close of a fiscal year must be distributed by the State  
Treasurer, no later than October 1st, as follows:

32 A. Fifty percent to municipalities in proportion to the  
34 percentage of revenue under Title 36, Part 3 collected in  
the municipality; and

36 B. Fifty percent to counties in proportion to the  
38 percentage of revenue under Title 36, Part 3 collected in  
the county.

40 **SUMMARY**

42 This bill provides that 20% of General Fund sales tax  
44 revenue over a ceiling equal to the amount of General Fund sales  
46 tax revenue projected for fiscal year 2004-05 be transferred to  
48 the Local Sales Tax Fund and distributed 50% to municipalities  
and 50% to counties based on the percentage of overall sales tax  
collections in those jurisdictions.