

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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Legislative Document

No. 158

H.P. 140

House of Representatives, January 12, 2007

### An Act To Allow a Local Option Sales Tax

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative HOGAN of Old Orchard Beach.  
Cosponsored by Representative EBERLE of South Portland, Senator PERRY of Penobscot and Representatives: ADAMS of Portland, BLANCHARD of Old Town, BLANCHETTE of Bangor, BLISS of South Portland, BRAUTIGAM of Falmouth, BRYANT of Windham, FAIRCLOTH of Bangor, HARLOW of Portland, HASKELL of Portland, MAZUREK of Rockland, PINGREE of North Haven, SCHATZ of Blue Hill.

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

2 **Sec. 1. 36 MRSA §1817** is enacted to read:

3 **§1817. Local option sales tax**

4 **1. Municipalities authorized to adopt.** If the legal voters of a municipality give  
5 their approval in a referendum vote pursuant to subsection 6, the legislative body of that  
6 municipality may impose a local option sales tax of up to 4% on the value of rental of  
7 living quarters in any hotel, rooming house or tourist or trailer camp and the value of  
8 prepared food.

9 **2. Notify State Tax Assessor.** A municipality that imposes a local option sales tax  
10 under subsection 1 shall notify the State Tax Assessor at least 90 days before the tax is  
11 effective.

12 **3. Administered by State.** Retailers in a municipality that has imposed a local  
13 option sales tax under subsection 1 shall transfer the revenue from that tax at the time of  
14 and in the manner provided for the transfer of state sales tax revenue. The tax is subject  
15 to the same interest, penalties and administrative actions as other taxes assessed under  
16 this Part.

17 **4. Transfer of revenue.** Each month the State Tax Assessor shall identify the  
18 amount of revenue attributable to each municipality under this section, subtract the costs  
19 of administering this section and certify the net amount due each municipality to the  
20 Treasurer of State. The Treasurer of State shall make monthly payments to municipal  
21 treasurers of the net amounts certified by the State Tax Assessor under this subsection.  
22 Revenue collected pursuant to this section is not considered to be receipts from the taxes  
23 imposed under this Part for purposes of transfers to the Local Government Fund under  
24 Title 30-A, section 5681.

25 **5. Use of local option sales tax revenue.** The revenue raised by the adoption of a  
26 local option sales tax under this section must be held by the municipality in a special  
27 revenue account established for that purpose. Revenue from that account may be  
28 expended only if specifically authorized by an appropriation of the local legislative body  
29 to reduce the property tax commitment.

30 **6. Referendum.** The question of whether to impose a local option sales tax under  
31 this section must be submitted to the legal voters of a municipality that seeks to impose  
32 the local option sales tax.

33 The petition process and the voting at elections held in towns and plantations must be  
34 held and conducted in accordance with Title 30-A, sections 2528, 2529 and 2532 even if  
35 the municipality has not accepted the provisions of section 2528. The voting at elections  
36 held in municipalities must be held and conducted in accordance with Title 21-A. The  
37 municipal clerk shall make a return of the results, certify the results and send them to the  
38 Secretary of State. The Secretary of State shall forward the results to the State Tax  
39 Assessor. The municipal clerk shall prepare the required ballots, which must contain  
40 substantially the following question:

