

MAINE STATE LEGISLATURE

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H.P. 894

House of Representatives, March 8, 2007

An Act To Support County Government

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative BARSTOW of Gorham.

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

2 **Sec. 1. 36 MRSA c. 216 is enacted to read:**

3 **CHAPTER 216**

4 **LIMITED SPECIAL SALES AND USE TAX**

5 **§1871. Authority for limited special sales and use tax**

6 Beginning January 1, 2008, the legislative body of a county, subject to the
7 requirements of this chapter, may elect to impose within the county a limited special sales
8 and use tax.

9 **§1872. Eligible projects**

10 The limited special sales and use tax authorized by this chapter may be imposed only
11 for the purpose of financing one or more eligible projects. The following types of
12 projects are eligible for financing under this chapter:

13 1. Civic center improvements. A capital project that will replace or renovate a
14 civic center;

15 2. Tourism promotion. A project that will generate regional economic activity or
16 attract and support visitors to the county;

17 3. Municipal or county services. A project involving the delivery of municipal or
18 county services; and

19 4. Property tax relief. A project that will provide property tax relief.

20 **§1873. Certification of eligible projects**

21 Before preparing the warrant for a referendum vote in accordance with section 1875,
22 the county officers of a county intending to impose a limited special sales and use tax
23 under this chapter must obtain from the Commissioner of Administrative and Financial
24 Services a certification that the project to be financed by the proposed limited special
25 sales and use tax is an eligible project under section 1872.

26 **§1874. Limitations**

27 1. Rate; collection. Any tax imposed under this chapter is a fixed percentage on the
28 value of liquor sold in licensed establishments, as defined in Title 28-A, section 2,
29 subsection 15, in accordance with Title 28-A, chapter 43; a fixed percentage on the value
30 of rental of living quarters in any hotel, rooming house or tourist or trailer camp; and a
31 fixed percentage on the value of prepared food. The county may specify a higher tax rate
32 for the rental of living quarters in any hotel, rooming house or tourist or trailer camp.

1 **2. Collection.** A tax imposed under this chapter must be added to the tax imposed
2 under chapter 213 or 215 and must be collected and administered in the same manner as
3 taxes imposed under those chapters.

4 **3. Use of revenues.** The proceeds of the tax imposed under this chapter may be used
5 to finance more than one eligible project.

6 **4. Period of tax.** A tax imposed under this chapter expires on the earliest of the
7 following dates:

8 A. The final day of the maximum period of time specified in the county referendum
9 for the imposition of the tax;

10 B. The last day of the calendar quarter during which the county determines that the
11 tax will have raised revenues sufficient to provide the proceeds equal to the amount
12 specified as the maximum amount of proceeds needed to finance the approved
13 project; or

14 C. Five years from the date of imposition of the tax.

15 **5. Limitation.** Once a tax imposed under this chapter expires, a limited special sales
16 and use tax may not be imposed again in the same county under this chapter until at least
17 3 years after the date of the expiration of the tax.

18 **§1875. Referendum required**

19 The question of whether to impose a limited special sales and use tax in a county
20 must be submitted at a countywide election to the legal voters of the county that seeks to
21 impose the tax. The voting at elections held in towns and plantations must be held and
22 conducted in accordance with Title 30-A, sections 2528, 2529 and 2532 even if the town
23 or plantation has not accepted the provisions of section 2528. The voting at elections
24 held in municipalities must be held and conducted in accordance with Title 21-A, and the
25 referendum must take place at a municipal general election with a turnout equal to or
26 greater than 30% of the votes cast in the last gubernatorial election. The municipal clerk
27 shall prepare the required ballots, which must contain the following question:

28 “Do you favor a special [insert rate or rates] percent sales and use tax
29 to be imposed in [insert name of county] for a period of time not to
30 exceed and for the raising of not more than \$..... for
31 the purpose[s] of?”

32 If debt is to be issued in conjunction with the purpose for which the tax is to be
33 imposed, the term of the debt may not exceed 5 years, and the debt is a general obligation
34 of the county. In that county the ballot must also contain the following statement:

35 “If imposition of the tax is approved by the voters, the vote also
36 constitutes approval of the issuance of general obligation debt of [insert
37 name of county] in a principal amount not to exceed \$..... for the above
38 purpose.”

1 The municipal clerk shall make a return of the results, certify the results and send
2 them to the Secretary of State. The Secretary of State shall forward the results to the
3 State Tax Assessor.

4 **§1876. Implementation of tax**

5 **1. Effective date.** If the imposition of a limited special sales and use tax under this
6 chapter is approved by a majority of the voters in the county under section 1875, the tax
7 takes effect on the first day of the next succeeding calendar quarter that begins more than
8 90 days after the date of the election at which the tax was approved by the voters. The
9 county adopting the tax shall notify the State Tax Assessor at least 90 days before the tax
10 is effective and shall state the effective date and period of the tax.

11 **2. Distribution of the tax.** The proceeds of a tax imposed under this chapter must
12 be distributed as follows:

13 A. One-half of 1% may be retained by the business that collects the tax to defray
14 administrative expenses;

15 B. Two percent of the amount collected must be retained by the State to defray its
16 costs of administration;

17 C. The Local Government Fund, established in Title 30-A, section 5681, receives
18 5.1% of the amount collected; and

19 D. The remaining amount collected must be paid to the county that adopted the tax.

20 **3. Use of proceeds by county.** Proceeds received by a county under this chapter
21 must be used as follows.

22 A. The proceeds received by the county from a tax adopted under this chapter must
23 be used exclusively for the purpose or purposes specified in the referendum under
24 section 1875. The proceeds must be kept in a separate account from other funds of
25 the county and may not in any manner be commingled with other funds of the county
26 prior to expenditure.

27 B. The proceeds may be used to pay general obligation debt issued for the approved
28 purpose for which the tax is imposed.

29 C. If the proceeds exceed the maximum amount specified in the referendum for the
30 financing of a project, they must be placed in a designated fund, which may be used
31 only for the purpose of maintaining the project once completed.

32 **§1877. Multicounty limited special sales and use tax districts authorized**

33 Nothing in this chapter may be construed to prevent 2 or more counties from joining
34 together for the purpose of creating a multicounty limited special sales and use tax
35 district. Before the county officers prepare the warrant for a referendum vote authorizing
36 the imposition of a multicounty limited special sales and use tax, the participating
37 counties must execute an interlocal agreement pursuant to Title 30-A, chapter 115 that
38 details the financial responsibilities of each participating county with respect to the
39 project to be financed by the limited special sales and use tax. The interlocal agreement

1 must detail the respective county financial obligations in the circumstance of any
2 participating county voting at referendum to impose the tax and in the circumstance of
3 any participating county voting at referendum not to impose the tax. For the purposes of
4 complying with Title 30-A, section 2205, an interlocal agreement executed for the
5 purpose of this chapter must be submitted to the Director of the State Planning Office
6 within the Executive Department for approval.

7 **Sec. 2. 36 MRSA §4641-B, sub-§3**, as enacted by PL 2001, c. 559, Pt. I, §4 and
8 as affected by §15, is amended to read:

9 **3. Disposition of funds.** Each register of deeds shall, on or before the 10th day of
10 each month, pay over to the State Tax Assessor ~~90%~~ 75% of the tax collected pursuant to
11 this section during the previous month. The remaining ~~10%~~ 25% must be retained for the
12 county by the register of deeds and accounted for to the county treasurer as
13 reimbursement for services rendered by the county in collecting the tax. If the tax
14 collected is not paid over by the 10th day of the month, the State Tax Assessor may
15 impose interest pursuant to section 186.

16 **Sec. 3. Effective date.** That section of this Act that amends the Maine Revised
17 Statutes, Title 36, section 4641-B, subsection 3 takes effect October 1, 2007.

18 **SUMMARY**

19 This bill establishes a process for a county to adopt a limited special sales and use tax
20 to generate county revenue to finance projects to improve civic centers, promote tourism,
21 improve the delivery of municipal or county services and to provide property tax relief. It
22 also changes the distribution of the real estate transfer tax proceeds to the county from
23 10% to 25% of revenue.