

# MAINE STATE LEGISLATURE

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Date: 6/13/7

**TAXATION**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
123RD LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 918, L.D. 1300, Bill, "An Act To Return a Portion of Sales, Lodging and Meals Taxes to Municipalities"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

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

**§5686. Local sales tax increment disbursement**

**1. Local sales tax increment.** Beginning with fiscal year 2008-09, the State Tax Assessor shall gather and maintain information that demonstrates the amount of revenue and the amount of local sales tax increment for each fiscal year that is attributable to each municipality and the unorganized territory under Title 36, Part 3. For the purposes of this section, "local sales tax increment" means 10% of the increase in revenue attributable to a municipality or the unorganized territory under Title 36, Part 3 over the amount attributable to the municipality or the unorganized territory in fiscal year 2008-09.

**2. Transfers.** Beginning with fiscal year 2009-10, the State Tax Assessor shall certify to the State Controller by September 30th annually the local sales tax increment amounts needed to make payments under this section. The State Controller shall, within 15 days after the certification, transfer those amounts to a local sales tax increment account, which must be established for this purpose.

**3. Payments to municipalities and the unorganized territory.** The Treasurer of State shall pay by October 1st annually to each municipality and the Unorganized Territory Education and Services Fund under Title 36, chapter 115 from the local sales tax increment account established pursuant to subsection 2 an amount equal to the local sales tax increment. If the local sales tax increment for a municipality or the unorganized territory is \$0 or less, a payment may not be made for that fiscal year. The State Treasurer shall pay the amount due under this section and provide an accounting of the amount to the municipality or the fiscal administrator of the unorganized territory no later than 6 months after the end of that fiscal year. The amount received under this section by

COMMITTEE AMENDMENT "A" to H.P. 918, L.D. 1300

1 a municipality or the fund may not reduce or be reduced by any other revenue sharing or  
2 state aid received by the municipality or the fund. An amount received by a municipality  
3 or the fund under this section must be used by the municipality to reduce property tax  
4 revenues in that municipality in an amount equal to the amount received in the fiscal year  
5 that the revenue is received.

6 **SUMMARY**

7 This amendment replaces the bill and requires payments beginning in fiscal year  
8 2009-10 to municipalities of an amount equal to 10% of the difference between the sales  
9 and use tax attributable to the municipality in a fiscal year and the comparable amounts  
10 for fiscal year 2008-09, referred to as the "local sales tax increment." If the amount of  
11 sales and use tax collected in a fiscal year in a municipality is below that collected in  
12 fiscal year 2008-09, then the municipality receives no payment. Under this amendment  
13 the amount received may not reduce any other state aid or revenue sharing received by  
14 that municipality, and the municipality must use the amount received to reduce property  
15 taxes by the same amount. The Unorganized Territory Education and Services Fund  
16 receives the same payment as municipalities and is subject to the same requirement to use  
17 the revenue to reduce property taxes.

**FISCAL NOTE REQUIRED**  
(See attached)



# 123rd MAINE LEGISLATURE

LD 1300

LR 2393(02)

An Act To Return a Portion of Sales, Lodging and Meals Taxes to Municipalities

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Taxation

Fiscal Note Required: Yes

## Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$0	\$4,576,337	\$9,654,740
<b>Revenue</b>				
General Fund	\$0	\$0	(\$4,576,337)	(\$9,654,740)

### Fiscal Detail and Notes

The General Fund revenue loss associated with the local sales tax increment disbursements is estimated to be \$4,576,337 in fiscal year 2009-10 and \$9,654,740 in fiscal year 2010-11.