

MAINE STATE LEGISLATURE

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124th MAINE LEGISLATURE

FIRST REGULAR SESSION-2009

Legislative Document

No. 1381

H.P. 971

House of Representatives, April 2, 2009

**An Act To Allow Counties To Provide Property Tax Relief by
Enacting a County Option Meals and Lodging Tax**

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative FLEMINGS of Bar Harbor.
Cosponsored by Senator ALFOND of Cumberland and
Representatives: LOVEJOY of Portland, RUSSELL of Portland, Senators: BRANNIGAN of
Cumberland, JACKSON of Aroostook, PERRY of Penobscot, SCHNEIDER of Penobscot.

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. County option meals and lodging tax

4 1. Definitions. As used in this section, unless the context otherwise indicates, the
5 following terms have the following meanings.

6 A. "Lodging" means the rental of living quarters in any hotel, rooming house or
7 tourist or trailer camp that is subject to sales taxation under this Part.

8 B. "Meals" means prepared food.

9 C. "Participating county" means a county that has imposed a county option meals
10 and lodging tax pursuant to this section.

11 2. Authorization to impose county option meals and lodging tax. A county may
12 impose a county option meals and lodging tax of no more than 2% on those meals and
13 lodging that are subject to the state sales tax. A county option meals and lodging tax,
14 including the rate of the tax, must be approved by a majority vote of the county
15 commissioners for a county prior to submission to referendum pursuant to subsection 8.
16 Approval must occur at least 30 days prior to the referendum.

17 3. Notify State Tax Assessor. A county that imposes a county option meals and
18 lodging tax under subsection 2 shall notify the State Tax Assessor no later than 7 days
19 after the certification of the results of the referendum held pursuant to subsection 8.

20 4. Administration. Every person that manages or operates in the regular course of
21 business or on a casual basis a hotel, rooming house or tourist or trailer camp in a
22 participating county or that collects or receives rents from a hotel, rooming house or
23 tourist or trailer camp in a participating county shall impose and collect the county option
24 meals and lodging tax approved for that county and transfer the revenue from the county
25 option meals and lodging tax at the time and in the manner provided in section 1951-A
26 for the transfer of state sales tax revenue.

27 Every retailer who provides meals in a participating county shall impose and collect the
28 county option meals and lodging tax approved for that county on the meals provided in
29 that participating county and transfer the revenue from the county option meals and
30 lodging tax at the time and in the manner provided in section 1951-A for the transfer of
31 state sales tax revenue.

32 The tax is subject to the same enforcement provisions, interest, penalties and
33 administrative actions as other taxes assessed under this Part.

34 5. Distribution of revenue. Each month, the State Tax Assessor shall identify the
35 amount of revenue attributable to each participating county under this section, subtract
36 the costs of administering this section and certify the net amount due each participating
37 county to the Treasurer of State.

38 Of the net amount certified under this subsection, the Treasurer of State shall make
39 monthly payments as follows:

1 A. To the participating county, 75% of the net amount; and

2 B. To the General Fund, 25% of the net amount.

3 For purposes of this subsection, "costs of administering this section" means the lesser of
4 the actual cost to the assessor of administering this section and 2% of the total revenue
5 generated by the county option meals and lodging taxes.

6 6. Effect on revenue sharing and other state aid programs. Revenue received
7 pursuant to subsection 5 may not be considered to be receipts from the taxes imposed
8 under this Part for the purpose of transfers to the Local Government Fund under Title
9 30-A, section 5681. Revenue received pursuant to subsection 5 may not be used to
10 reduce or eliminate any funding otherwise due the participating county under any
11 provision of law providing aid to the county, including, but not limited to, aid for schools,
12 roads, public assistance or jails.

13 7. Disposition of participating county's revenue. The treasurer of a participating
14 county shall deposit the revenue received pursuant to subsection 5, paragraph A in a
15 segregated account. In developing its annual budget pursuant to Title 30-A, chapter 3,
16 the participating county may not include funds in the account. After approval of the
17 budget, the county commissioners of the participating county shall use the funds in the
18 account to reduce the county tax assessment.

19 8. Referendum. The question of whether to impose a county option meals and
20 lodging tax must be submitted to the legal voters of a county that seeks to impose the
21 county option meals and lodging tax at a statewide election held in November.

22 The petition process and voting must be held and conducted in accordance with Title
23 30-A, sections 2528, 2529 and 2532 even if the municipality has not accepted the
24 provisions of section 2528. The voting at elections must be held and conducted in
25 accordance with Title 21-A.

26 Each municipal clerk in the county shall make a return of the results, certify the results
27 and send them to the Secretary of State. The Secretary of State shall forward the results to
28 the assessor.

29 9. Effective date of tax; acceptance by voters. The county option meals and
30 lodging tax authorized by this section takes effect January 1st immediately following the
31 referendum vote under subsection 8 if it is accepted by a majority of the local voters
32 voting at the election and the total number of votes cast equals or exceeds 20% of the
33 total number of votes cast in the county in the most recent gubernatorial election.

34 10. Repeal of county option meals and lodging tax. The repeal of a county option
35 meals and lodging tax may be initiated by the citizens of the participating county in
36 accordance with Title 21-A, section 901 or by the majority vote of the county
37 commissioners of the participating county. The question of repeal must be submitted to
38 referendum no sooner than 30 days following the initiating action. The referendum to
39 repeal the county option meals and lodging tax must be conducted in the same manner as
40 the referendum adopting the tax under subsection 8 at a statewide election held in
41 November. If the repeal is successful, the repeal takes effect the immediately following
42 January 1st and is subject to the same requirements for votes as specified in subsection 9.

1

SUMMARY

2 This bill allows a county to impose a county option meals and lodging tax of 2% or
3 less by approval at local referendum. Seventy-five percent of the revenue from the
4 county option meals and lodging tax would be retained by the county and used to reduce
5 the annual tax assessments on municipalities located in that county. The balance of the
6 revenue, 25%, would be deposited in the General Fund.