

MAINE STATE LEGISLATURE

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126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document

No. 401

H.P. 276

House of Representatives, February 12, 2013

An Act To Provide Local Sales Tax Increment Disbursements

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative CHASE of Wells.
Cosponsored by Senator FLOOD of Kennebec and
Representatives: BENNETT of Kennebunk, GOODE of Bangor, KESCHL of Belgrade,
KNIGHT of Livermore Falls, MacDONALD of Old Orchard Beach, MALABY of Hancock,
POULIOT of Augusta, Senator: HASKELL of Cumberland.

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

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

3 **§5686. Local sales tax increment disbursement**

4 **1. Local sales tax increment.** Beginning with fiscal year 2015-16, the State Tax
5 Assessor shall gather and maintain information that demonstrates the amount of revenue
6 and the amount of local sales tax increment for each fiscal year that is attributable to each
7 municipality and the unorganized territory under Title 36, Part 3. For the purposes of this
8 section, "local sales tax increment" means 5% of the increase in revenue attributable to a
9 municipality or the unorganized territory under Title 36, Part 3 over the amount
10 attributable to the municipality or the unorganized territory in fiscal year 2015-16.

11 **2. Transfers.** Beginning with fiscal year 2016-17, the State Tax Assessor shall
12 certify to the State Controller by September 30th annually the local sales tax increment
13 amounts needed to make payments under this section. The State Controller shall, within
14 15 days after the certification, transfer those amounts to a local sales tax increment
15 account, which must be established for this purpose.

16 **3. Payments to municipalities and the unorganized territory.** The Treasurer of
17 State shall pay by October 1st annually to each municipality and the Unorganized
18 Territory Education and Services Fund under Title 36, chapter 115 from the local sales
19 tax increment account established pursuant to subsection 2 an amount equal to the local
20 sales tax increment. If the local sales tax increment for a municipality or the unorganized
21 territory is \$0 or less, a payment may not be made for that fiscal year. The State
22 Treasurer shall pay the amount due under this section and provide an accounting of the
23 amount to the municipality or the fiscal administrator of the unorganized territory no later
24 than 6 months after the end of that fiscal year. The amount received under this section by
25 a municipality or the fund may not reduce or be reduced by any other revenue sharing or
26 state aid received by the municipality or the fund. An amount received by a municipality
27 or the fund under this section must be used by the municipality to reduce property tax
28 revenues in that municipality in an amount equal to the amount received in the fiscal year
29 that the revenue is received.

30 **SUMMARY**

31 This bill requires payments beginning in fiscal year 2016-17 to municipalities of an
32 amount equal to 5% of the difference between the sales and use tax attributable to the
33 municipality in a fiscal year and the comparable amounts for fiscal year 2015-16, referred
34 to as the "local sales tax increment." If the amount of sales and use tax collected in a
35 fiscal year in a municipality is below that collected in fiscal year 2015-16, then the
36 municipality receives no payment. The amount received may not reduce any other state
37 aid or revenue sharing received by that municipality, and the municipality must use the
38 amount received to reduce property taxes by the same amount. The Unorganized
39 Territory Education and Services Fund receives the same payment as municipalities and
40 is subject to the same requirement to use the revenue to reduce property taxes.