

# MAINE STATE LEGISLATURE

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# 126th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2013

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Legislative Document

No. 427

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H.P. 299

House of Representatives, February 14, 2013

### **An Act To Authorize Options for Local Revenue Enhancement**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative MacDONALD of Old Orchard Beach.  
Cosponsored by Senator VALENTINO of York and  
Representative: VOLK of Scarborough.

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. Municipal local option sales tax**

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

6 **A. "Participating municipality"** means a municipality that has imposed a local option  
7 sales tax pursuant to this section.

8 **B. "Sales tax base"** means those items subject to sales taxation under this Part.

9 **2. Authorization to impose local option sales tax.** A municipality by referendum  
10 conducted pursuant to subsection 8 may impose a local option sales tax of no more than  
11 5% on those items that are part of the sales tax base and may limit the period of time the  
12 tax is imposed to specified months of the year. A municipality that adopts a local option  
13 sales tax pursuant to this section may not alter the range of items subject to sales taxation  
14 under this Part.

15 **3. Notify assessor.** A municipality that imposes a local option sales tax under  
16 subsection 2 shall notify the assessor at least 90 days before the local option sales tax is  
17 effective.

18 **4. Administration.** Retailers in a participating municipality shall transfer the  
19 revenue from the local option sales tax at the time and in the manner provided in section  
20 1951-A for the transfer of state sales tax revenue. The tax is subject to the same  
21 enforcement provisions, interest, penalties and administrative actions as other taxes  
22 assessed under this Part.

23 **5. Distribution of revenue.** Each month, the assessor shall identify the amount of  
24 revenue attributable to each participating municipality under this section, subtract the  
25 costs of administering this section and certify the net amount due each participating  
26 municipality to the Treasurer of State. The Treasurer of State shall make monthly  
27 payments to municipal treasurers of the net amounts certified by the assessor under this  
28 subsection.

29 For purposes of this subsection, "costs of administering this section" means the lesser of  
30 the actual cost to the assessor of administering this section and 2% of the total revenue  
31 generated by municipalities that impose local option sales taxes.

32 **6. Use of revenue by participating municipality.** The revenue raised by the  
33 imposition of a local option sales tax under this section must be held by the municipality  
34 in a special revenue account established for that purpose. Revenue from that account  
35 may be expended only if specifically authorized by an appropriation of the local  
36 legislative body.

37 **7. Effect on revenue sharing and other state aid programs.** Revenue received by  
38 the State pursuant to subsection 5 may not be considered to be receipts from the taxes  
39 imposed under this Part for the purpose of transfers to the Local Government Fund under

1 Title 30-A, section 5681. Revenue received pursuant to subsection 5 may not be used to  
2 reduce or eliminate any funding otherwise due the county or participating municipality  
3 under any provision of law providing aid to the county or participating municipality,  
4 including, but not limited to, aid for schools, roads, public assistance or jails.

5 **8. Referendum.** The question of whether to impose a local option sales tax must be  
6 submitted to the legal voters of a municipality that seeks to impose the local option sales  
7 tax.

8 The petition process and voting must be held and conducted in accordance with Title  
9 30-A, sections 2528, 2529 and 2532 even if the municipality has not accepted the  
10 provisions of Title 30-A, section 2528. The voting at elections must be held and  
11 conducted in accordance with Title 21-A. The municipal clerk shall prepare the required  
12 ballots, which must contain substantially the following question:

13 "Do you favor a local option sales tax of up to 5% to be imposed by [insert  
14 name of municipality] for the months of [insert the names of the months] each  
15 year?"

16 The voters shall indicate by a cross or check mark placed against the word "Yes" or "No"  
17 their opinion of the same. The municipal clerk shall make a return of the results, certify  
18 the results and send them to the Secretary of State. The Secretary of State shall forward  
19 the results to the assessor.

20 The local option sales tax may be discontinued by referendum conducted in the same  
21 manner as the referendum adopting the local option sales tax under this section.

22 **9. Effective date of local option sales tax; acceptance by voters.** The local option  
23 sales tax authorized by this section takes effect 120 days after the municipal referendum  
24 vote under subsection 8 if it is accepted by a majority of the legal voters voting at the  
25 election and the total number of votes cast equals or exceeds 20% of the total number of  
26 votes cast in that municipality in the most recent gubernatorial election.

## 27 SUMMARY

28 This bill allows a municipality to impose a local option sales tax, which may be  
29 seasonal, of 5% or less by local referendum.