

MAINE STATE LEGISLATURE

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126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document

No. 1477

H.P. 1058

House of Representatives, April 30, 2013

**An Act To Impose a Temporary One Percent Sales Tax for
Education and Revenue Sharing**

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative GIDEON of Freeport.
Cosponsored by Representatives: HAMANN of South Portland, RYKERSON of Kittery,
TIPPING-SPITZ of Orono.

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

2 **Sec. 1. 36 MRSA §1811-C** is enacted to read:

3 **§1811-C. Additional sales and use tax; use of revenue; contingent decrease**

4 **1. Additional sales and use tax.** In addition to the tax imposed pursuant to section
5 1811, a tax is imposed on the value of all tangible personal property and taxable services
6 sold at retail in this State that are taxed at the rate of 5% pursuant to section 1811. The
7 rate of tax is 1% unless adjusted pursuant to subsection 3. The tax imposed by this
8 subsection must be collected and remitted in the same manner as the 5% tax imposed
9 pursuant to section 1811 and is subject to all the requirements of this Part.

10 **2. Application of revenues.** Notwithstanding Title 30-A, section 5681, subsection 5
11 or any other law to the contrary, revenue from the tax imposed and collected pursuant to
12 subsection 1 must be credited to a General Fund suspense account. Beginning
13 November 10, 2013 and no later than the 10th of every month thereafter, the State
14 Controller shall transfer 70% of the revenues received by the State Tax Assessor during
15 the preceding month pursuant to the tax imposed by subsection 1 to general purpose aid
16 for local schools within the Department of Education and 30% to the Local Government
17 Fund as provided by Title 30-A, section 5681, subsection 5 except that, if the revenue
18 received during a fiscal year exceeds \$280,000,000, the amount of revenue in excess of
19 \$280,000,000 must be transferred to the Local Government Fund as provided by Title
20 30-A, section 5681, subsection 5. Revenue generated pursuant to this section may be
21 used only for the purposes specified in this subsection.

22 **3. Contingent decrease in rate.** The tax imposed pursuant to subsection 1 is subject
23 to a decrease in rate pursuant to this subsection.

24 **A.** Beginning in 2015 and every year thereafter, on or before May 15th of each year,
25 the State Budget Officer shall present a final estimate of General Fund revenues for
26 the current fiscal year, taking into consideration an estimate of the Revenue
27 Forecasting Committee under Title 5, section 1710-E, to the joint standing committee
28 of the Legislature having jurisdiction over taxation matters.

29 **B.** If General Fund revenues for any fiscal year, as determined by the State
30 Controller at the close of the fiscal year, exceed those of the previous fiscal year by
31 8% or more, on a base-to-base comparison excluding one-time revenue gains and
32 losses, the tax on the sale of personal property and taxable services imposed pursuant
33 to subsection 1 must decrease to 0.5%, unless the tax rate is 0.5%, in which case the
34 tax is eliminated, on the subsequent October 1st, unless the Legislature takes action to
35 prevent the reduction.

36 **4. Sales tax exemption commission.** Following a decrease pursuant to subsection 3
37 in the rate of tax on the sale of personal property and taxable services imposed pursuant
38 to subsection 1, the joint standing committee of the Legislature having jurisdiction over
39 taxation matters, with assistance from the State Tax Assessor and the State Budget
40 Officer, shall review statutory exemptions from the sales and use tax imposed pursuant to
41 this Part and determine whether those statutory exemptions serve a purpose beneficial to

1 the State that outweighs the cost of the exemptions. The joint standing committee may
2 report out legislation regarding the review to a first or second regular session of the
3 Legislature.

4 **Sec. 2. 36 MRSA §1812, sub-§1, ¶A-3** is enacted to read:

5 A-3. If the tax rate is 6%:

6 <u>Amount of Sale Price</u>	<u>Amount of Tax</u>
7 <u>\$0.01 to \$0.09, inclusive</u>	<u>0¢</u>
8 <u>.10 to .16, inclusive</u>	<u>1¢</u>
9 <u>.17 to .33, inclusive</u>	<u>2¢</u>
10 <u>.34 to .50, inclusive</u>	<u>3¢</u>
11 <u>.51 to .66, inclusive</u>	<u>4¢</u>
12 <u>.67 to .83, inclusive</u>	<u>5¢</u>
13 <u>.84 to 1.00, inclusive</u>	<u>6¢</u>

14 **Sec. 3. 36 MRSA §1861**, as amended by PL 1995, c. 640, §6, is further amended
15 to read:

16 **§1861. Imposition**

17 A tax is imposed, at the respective rate provided in section 1811 and section 1811-C,
18 on the storage, use or other consumption in this State of tangible personal property or a
19 service, the sale of which would be subject to tax under section 1764 ~~or~~, 1811 or 1811-C.
20 Every person so storing, using or otherwise consuming is liable for the tax until the
21 person has paid the tax or has taken a receipt from the seller, as duly authorized by the
22 assessor, showing that the seller has collected the sales or use tax, in which case the seller
23 is liable for it. Retailers registered under section 1754-B or 1756 shall collect the tax and
24 make remittance to the assessor. The amount of the tax payable by the purchaser is that
25 provided in the case of sales taxes by section 1812. When tangible personal property
26 purchased for resale is withdrawn from inventory by the retailer for the retailer's own use,
27 use tax liability accrues at the date of withdrawal.

28 **Sec. 4. Effective date.** This Act takes effect October 1, 2013.

29 **SUMMARY**

30 This bill imposes an additional 1% sales and use tax on items of personal property
31 and taxable services currently subject to the 5% sales and use tax. The additional tax is
32 collected and remitted and is subject to the same requirements as the 5% sales and use
33 tax. Of the revenue generated by the 1% sales and use tax, 70% is transferred to general
34 purpose aid for local schools and 30% is transferred to the Local Government Fund to be
35 used for revenue sharing. If the amount of revenue generated in a fiscal year exceeds
36 \$280,000,000, the excess amount is transferred for revenue sharing.

37 The additional 1% sales and use tax may be decreased to 0.5% and then eliminated if
38 General Fund revenues for any fiscal year, as determined by the State Controller at the

1 close of the fiscal year, exceed those of the previous fiscal year by 8% or more for that
2 fiscal year.

3 This bill requires the joint standing committee of the Legislature having jurisdiction
4 over taxation matters, each time the additional sales and use tax is decreased, to examine
5 the sales tax exemptions and determine whether those sales tax exemptions serve a
6 purpose beneficial to the State that outweighs the cost of those sales tax exemptions.