MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 183

H.P. 141

House of Representatives, January 27, 2015

An Act To Decrease Property Taxes by Increasing the Sales Tax

Reference to the Committee on Taxation suggested and ordered printed.

ROBERT B. HUNT

Presented by Representative PICCHIOTTI of Fairfield. Cosponsored by Representative: BECK of Waterville.

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

- Sec. 1. 36 MRSA §683, sub-§1-B is enacted to read:
- 1-B. Additional exemption. For tax years beginning on or after April 1, 2016, a homestead eligible for an exemption under subsection 1 is eligible for an additional exemption of \$10,000 of the just value of the homestead.
 - **Sec. 2. 36 MRSA §683, sub-§§3 and 4,** as amended by PL 2005, c. 2, Pt. F, §3 and affected by §5, are further amended to read:
 - **3. Effect on state valuation.** Fifty percent of the just value of homesteads exempt under this subchapter homestead exemptions under subsection 1 and 100% of the just value of homestead exemptions under subsection 1-B must be included in the annual determination of state valuation under sections 208 and 305.
 - **4. Property tax rate.** Fifty percent of the value of homestead exemptions under this subschapter subsection 1 and 100% of the value of homestead exemptions under subsection 1-B must be included in the total municipal valuation used to determine the municipal tax rate. The municipal tax rate as finally determined may be applied to only the taxable portion of each homestead qualified for that tax year.
 - **Sec. 3. 36 MRSA §683, sub-§5,** as enacted by PL 2005, c. 647, §4 and affected by §5, is amended to read:
 - **5. Determination of exemption for cooperative housing corporation.** A cooperative housing corporation may apply for an exemption under this subchapter to be applied against the valuation of property of the corporation that is occupied by qualifying shareholders. The application must include a list of all qualifying shareholders and must be updated annually to reflect changes in the ownership and residency of qualifying shareholders. The exemption is equal to the <u>amount amounts</u> specified in <u>subsection subsections 1 and 1-B</u> multiplied by the number of units in the cooperative property occupied by qualifying shareholders. A cooperative housing corporation that receives an exemption pursuant to this section shall apportion the property tax reduction resulting from the exemption among the qualifying shareholders on a per unit basis. Any supplemental assessment resulting from disqualification for exemption must be applied in the same manner against the qualifying shareholders for whom the disqualification applies.
 - **Sec. 4. 36 MRSA §685, sub-§2,** as amended by PL 2005, c. 2, Pt. F, §4 and affected by §5, is further amended to read:
 - **2. Entitlement to reimbursement by the State; calculation.** A municipality that has approved homestead exemptions under this subchapter may recover from the State 50% of the taxes lost by reason of the exemptions under section 683, subsection 1 and 100% of the taxes lost by reason of the exemptions under section 683, subsection 1-B upon proof in a form satisfactory to the bureau. The bureau shall reimburse the Unorganized Territory Education and Services Fund in the same manner for 50% of taxes lost by reason of the exemption exemptions.

Sec. 5. 36 MRSA §1811, first \P , as repealed and replaced by PL 2013, c. 588, Pt. E, §11, is amended to read:

A tax is imposed on the value of all tangible personal property, products transferred electronically and taxable services sold at retail in this State. The rate of tax is 7% on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43; 7% on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp; 10% on the value of rental for a period of less than one year of an automobile, of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged in the business of renting automobiles or of a loaner vehicle that is provided other than to a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's warranty; 7% on the value of prepared food; 6% on the value of tangible personal property and taxable services and products transferred electronically with a value of \$5,000 or less; and 5% on the value of all other tangible personal property and taxable services and products transferred electronically. Notwithstanding the other provisions of this section, from October 1, 2013 to June 30, 2015, the rate of tax is 8% on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp; 8% on the value of prepared food; 8% on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43; and 5.5% on the value of all other tangible personal property and taxable services and products transferred electronically. Value is measured by the sale price, except as otherwise provided. The value of rental for a period of less than one year of an automobile or of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged in the business of renting automobiles is the total rental charged to the lessee and includes, but is not limited to, maintenance and service contracts, drop-off or pick-up fees, airport surcharges, mileage fees and any separately itemized charges on the rental agreement to recover the owner's estimated costs of the charges imposed by government authority for title fees, inspection fees, local excise tax and agent fees on all vehicles in its rental fleet registered in the State. All fees must be disclosed when an estimated quote is provided to the lessee.

Sec. 6. Effective date. This Act takes effect October 1, 2015.

32 SUMMARY

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This bill increases the amount exempt from property tax for homesteads from \$10,000 to \$20,000 and requires that municipalities be reimbursed for 100% of the taxes lost due to the increase. The bill also increases from 5% to 6% the sales tax on tangible personal property and taxable services and products transferred electronically with a value of \$5,000 or less.