

MAINE STATE LEGISLATURE

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128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 1230

H.P. 852

House of Representatives, March 30, 2017

An Act To Allow a Local Option Sales Tax on Meals and Lodging

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative HUBBELL of Bar Harbor.
Cosponsored by Senator VOLK of Cumberland and
Representatives: JORGENSEN of Portland, MAREAN of Hollis, MASTRACCIO of Sanford,
POULIOT of Augusta, SCHNECK of Bangor, Senators: COLLINS of York, HILL of York,
LIBBY of Androscoggin.

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

2 **Sec. 1. 36 MRSA §1818** is enacted to read:

3 **§1818. Municipal local option sales tax on meals and lodging**

4 **1. Definition.** As used in this section, "participating municipality" means a
5 municipality that has imposed a local option sales tax pursuant to this section.

6 **2. Authorization to impose local option sales tax.** A municipality by referendum
7 conducted pursuant to subsection 9 may impose a local option sales tax of no more than
8 1% on prepared food and the value of rental of living quarters in any hotel, rooming
9 house or tourist or trailer camp and may limit the period of time the tax is imposed to
10 specified months of the year.

11 **3. Local option sales tax limited to taxable meals and lodging.** A municipality
12 may not impose a local option sales tax on prepared food or the value of rental of living
13 quarters of any hotel, rooming house or tourist or trailer camp not subject to tax pursuant
14 to section 1811.

15 **4. 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 **5. 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 **6. 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 **7. 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 **8. Effect on revenue sharing and other state aid programs.** Revenue received by
38 the State pursuant to subsection 6 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 6 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 **9. 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 1% on prepared food and
14 short-term lodging to be imposed by [insert name of municipality] for the
15 months of [insert the names of the months] each 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 **10. Effective date of local option sales tax; acceptance by voters.** The local
23 option sales tax authorized by this section takes effect 120 days after the municipal
24 referendum vote under subsection 9 if it is accepted by a majority of the legal voters
25 voting at the election and the total number of votes cast equals or exceeds 20% of the
26 total number of votes cast in that municipality in the most recent gubernatorial election.

27 **11. Repeal.** This section is repealed December 31, 2020.

28 SUMMARY

29 This bill allows a municipality to impose a local option sales tax, which may be
30 seasonal, on prepared food and short-term lodging of no more than 1% by local
31 referendum.