

MAINE STATE LEGISLATURE

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Date: 5/24/17

Majority

(Filing No. H- 279)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
128TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1046, L.D. 1522, Bill, "An Act To Authorize a Local Option Sales Tax"

Amend the bill in section 1 in §1818 by striking out all of sections 1 and 2 (page 1, lines 4 to 18 in L.D.) and inserting the following:

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

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

Amend the bill in section 1 in §1818 in subsection 5 in paragraph A in the first line (page 1, line 33 in L.D.) by striking out the following: "50%" and inserting the following: '65%'

Amend the bill in section 1 in §1818 in subsection 5 in paragraph C in the 2nd line (page 1, line 37 in L.D.) by striking out the following: "25%" and inserting the following: '10%'

Amend the bill in section 1 in §1818 by striking out all of subsection 6 (page 2, lines 6 to 8 in L.D.) and inserting the following:

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

Amend the bill in section 1 in §1818 by striking out all of subsection 8 (page 2, lines 16 to 27 in L.D.) and inserting the following:

COMMITTEE AMENDMENT



128th MAINE LEGISLATURE

LD 1522

LR 569(02)

An Act To Authorize a Local Option Sales Tax

Fiscal Note for Bill as Amended by Committee Amendment 'A' (H-279)

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Contingent current biennium cost increase - General Fund
Contingent current biennium revenue increase - Local Government Fund
Contingent current biennium revenue increase - Municipalities

Fiscal Detail and Notes

This bill allows a municipality to establish a local option sales tax if approved by referendum of the municipality's voters. If such a tax is established by a municipality, the Department of Administrative and Financial Services will need an initial General Fund appropriation of approximately \$690,000 with annual General Fund appropriations thereafter of approximately \$450,000 to establish, implement and maintain a system to track certain sales taxes by municipality. Revenue from this tax would be distributed to the municipality, to the Local Government Fund for revenue sharing statewide and to the Regional Economic Development Revolving Loan Program administered by the Finance Authority of Maine for distribution to counties for economic development purposes.