

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals  
(may include minor formatting differences from printed original)



# 129th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2019

---

Legislative Document

No. 156

S.P. 43

In Senate, January 17, 2019

---

**An Act To Allow Regional Service Center Municipalities To Assess  
an Additional One Percent Sales Tax for Infrastructure Costs**

---

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator MIRAMANT of Knox.

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

2 **Sec. 1. 36 MRSA §1819** is enacted to read:

3 **§1819. Municipal local option sales tax; service center communities**

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 that is a service  
10 center community as defined in Title 30-A, section 4301, subsection 14-A may, by  
11 referendum conducted pursuant to subsection 8, impose a local option sales tax of no  
12 more than 1% on those items that are part of the sales tax base. A participating  
13 municipality may not alter the range of items subject to sales taxation under this Part.

14 **3. Notify assessor.** A participating municipality shall notify the assessor at least 90  
15 days before the local option sales tax is effective.

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

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

27 For purposes of this subsection, "costs of administering this section" means the lesser of  
28 the actual cost to the assessor of administering this section and 2% of the total revenue  
29 generated by participating municipalities.

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

35 **7. Effect on revenue sharing and other state aid programs.** Revenue received by  
36 the State pursuant to subsection 4 may not be considered to be receipts from the taxes  
37 imposed under this Part for the purpose of transfers to the Local Government Fund under  
38 Title 30-A, section 5681. Revenue received pursuant to subsection 4 may not be used to  
39 reduce or eliminate any funding otherwise due the county or participating municipality

1 under any provision of law providing aid to the county or participating municipality,  
2 including, but not limited to, aid for schools, roads, public assistance or jails.

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

6 The petition process and voting must be held and conducted in accordance with Title  
7 30-A, sections 2528, 2529 and 2532 even if the municipality has not accepted the  
8 provisions of Title 30-A, section 2528. The voting at elections must be held and  
9 conducted in accordance with Title 21-A. The municipal clerk shall prepare the required  
10 ballots, which must contain substantially the following question:

11 "Do you favor a local option sales tax of up to 1% to be imposed by  
12 [insert name of municipality] for the purpose of funding local  
13 infrastructure costs?"

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

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

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

## 25 **SUMMARY**

26 This bill allows a municipality that is a service center community to impose a local  
27 option sales tax of no more than 1% by local referendum for the purpose of funding local  
28 infrastructure costs.