

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)



131st MAINE LEGISLATURE

FIRST SPECIAL SESSION-2023

Legislative Document

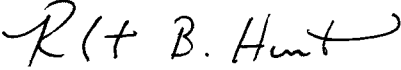
No. 1893

H.P. 1214

House of Representatives, May 4, 2023

**An Act to Allow a Municipality to Impose a Fee on Short-term
Rentals for the Benefit of That Municipality**

Reference to the Committee on Taxation suggested and ordered printed.


ROBERT B. HUNT
Clerk

Presented by Representative STROUT of Harrington.
Cosponsored by Representatives: COLLAMORE of Pittsfield, GUERRETTE of Caribou,
RUDNICKI of Fairfield.

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

2 **Sec. 1. 30-A MRSA c. 215** is enacted to read:

3 **CHAPTER 215**

4 **LOCAL OPTION FEE ON SHORT-TERM RENTALS**

5 **§5451. Municipal local option fee on short-term rentals**

6 **1. Definitions.** As used in this chapter, unless the context otherwise indicates, the
7 following terms have the following meanings.

8 A. "Local option fee" means a fee imposed pursuant to subsection 2.

9 B. "Participating municipality" means a municipality that has imposed a local option
10 fee pursuant to this section.

11 C. "Short-term rental" means living quarters in any hotel, rooming house or tourist or
12 trailer camp subject to the tax imposed pursuant to Title 36, section 1811, including a
13 short-term accommodation rental rented through a transient rental platform as defined
14 in Title 36, section 1752, subsection 20-C.

15 **2. Authorization to impose local option fee.** A municipality may impose a local
16 option fee by referendum conducted pursuant to subsection 8, in an amount specified in the
17 referendum, on the value of rental of a short-term rental.

18 **3. Local option fee limited to short-term rentals.** A municipality may not impose a
19 local option fee on the rental of living quarters of any hotel, rooming house or tourist or
20 trailer camp exempt from sales and use tax pursuant to Title 36, section 1760, subsection
21 20.

22 **4. Notify State Tax Assessor.** A participating municipality shall notify the State Tax
23 Assessor at least 90 days before the local option fee is effective.

24 **5. Administration.** A retailer, as defined in Title 36, section 1752, subsection 10, or
25 a room remarketer, as defined in Title 36, section 1752, subsection 11-B, in a participating
26 municipality shall transfer the revenue from a local option fee at the time and in the manner
27 provided in Title 36, section 1951-A for the transfer of state sales tax revenue. The local
28 option fee is subject to the same enforcement provisions, interest, penalties and
29 administrative actions as taxes assessed under Title 36, Part 3.

30 **6. Distribution of revenue from fee.** Quarterly, the State Tax Assessor shall identify
31 the amount of revenue attributable to each participating municipality under this section and
32 certify the amount for that municipality to the Treasurer of State for distribution pursuant
33 to this subsection. From the amount certified for a municipality under this subsection, the
34 Treasurer of State shall make monthly payments to the participating municipality.

35 For the purposes of this subsection, the unorganized territory must receive reimbursement
36 as if it is one municipality.

37 **7. Effect on revenue sharing and other state aid programs.** Revenue received
38 pursuant to subsection 6 may not be considered to be receipts from the taxes imposed under
39 Title 36, Part 3 for the purpose of transfers to the Local Government Fund under section

1 5681. Revenue received pursuant to subsection 6 may not be used to reduce or eliminate
2 any funding otherwise due a municipality under any provision of law providing aid to the
3 municipality, including, but not limited to, aid for schools, roads, public assistance or jails.

4 **8. Referendum.** The question of whether to impose a local option fee on short-term
5 rentals must be submitted to the legal voters of a municipality that seeks to impose the local
6 option fee. The referendum question must indicate the rate of the local option fee.

7 The petition process and voting must be held and conducted in accordance with sections
8 2528, 2529 and 2532 even if the municipality has not accepted the provisions of section
9 2528. The voting at elections must be held and conducted in accordance with Title 21-A.

10 The municipal clerk shall make a return of the results, certify the results and send them to
11 the Secretary of State. The Secretary of State shall forward the results to the State Tax
12 Assessor.

13 The local option fee for short-term rentals may be discontinued by referendum conducted
14 in the same manner as the referendum adopting the local option fee for short-term rentals
15 under this subsection.

16 **9. Effective date of fee for short-term rentals; acceptance by voters.** A local option
17 fee authorized by this section takes effect 120 days after the municipal referendum vote
18 under subsection 8 if it is accepted by a majority of the legal voters voting at the election
19 and the total number of votes cast equals or exceeds 20% of the total number of votes cast
20 in the municipality in the most recent gubernatorial election, except that a local option fee
21 for short-term rentals may not take effect before July 1, 2024.

22 **SUMMARY**

23 This bill allows a municipality to impose, if approved by referendum of the voters in
24 that municipality, a local option fee on short-term rentals of living quarters in any hotel,
25 rooming house or tourist or trailer camp currently subject to the 9% sales tax on lodging,
26 including a short-term accommodation rental rented through a transient rental platform.
27 Long-term rentals currently exempt from sales tax are not subject to the short-term rental
28 fee. The revenue from the local option fee is distributed to the municipality imposing the
29 local option fee.

30 Revenue received by a municipality from a local option fee imposed on short-term
31 rentals may not be used to reduce or eliminate funding otherwise due to the municipality
32 under other provisions of law. The local option fee may not take effect before July 1, 2024.