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Amendment
Review

LD 1342

L.D. 1342

(Filing No. H-)

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
130TH LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT " " to H.P. 993, L.D. 1342, "An Act To Authorize a Local Option Sales Tax on Lodging and Other Goods and Provide Funding for Tax Abatement and Rental Relief"

Amend the bill by striking out the title and substituting the following:

'An Act To Authorize a Local Option Sales Tax on Prepared Food and Lodging and Provide Funding for Property Tax and Rent Relief'

Amend the bill in section 4 in §1820 in the first line (page 1, line 23 in L.D.) by inserting after the following: "tax on" the following: 'prepared food and'

Amend the bill in section 4 in §1820 in subsection 2 in the last line (page 1, line 31 in L.D.) by striking out the following: "rental" and inserting the following: 'prepared food and rental'

Amend the bill in section 4 in §1820 in subsection 3 in the first line (page 1, line 32 in L.D.) by inserting after the following: "limited to" the following: 'prepared food and'

Amend the bill in section 4 in §1820 in subsection 3 in the 2nd line (page 1, line 33 in L.D.) by inserting after the following: "value of" the following: 'prepared food or'

Amend the bill in section 4 in §1820 in subsection 6 by striking out all of the first blocked paragraph (page 2, lines 11 and 12 in L.D.).

Amend the bill in section 4 in §1820 in subsection 9 in the last 4 lines (page 2, lines 36 to 39 in L.D.) by striking out the following: "and the total number of votes cast equals or exceeds 20% of the total number of votes cast in the municipality in the most recent gubernatorial election, except that no local option sales tax may take effect before July 1, 2022" and inserting the following: 'except that no local option sales tax may take effect before July 1, 2023'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

COMMITTEE AMENDMENT

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SUMMARY

This amendment provides that a municipality may adopt a local option sales tax on prepared food as well as lodging. The amendment deletes a reference to the unorganized territory, removes a requirement for a minimum number of voters at a referendum to approve the local option sales tax and provides that a local option sales tax may not take effect before July 1, 2023.

FISCAL NOTE REQUIRED

(See attached)



130th MAINE LEGISLATURE

LD 1342

LR 559(02)

An Act To Authorize a Local Option Sales Tax on Lodging and Other Goods and Provide Funding for Tax Abatement and Rental Relief

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Contingent current biennium cost increase - General Fund
Contingent future biennium revenue increase - General Fund
Contingent future biennium revenue increase - Municipalities
Contingent future biennium revenue increase - Maine State Housing Authority

Fiscal Detail and Notes

All of the impacts described below are contingent on at least one municipality voting to impose a local sales tax.

This bill creates a local option sales tax of 1% on lodging and prepared food effective July 1, 2023. Municipalities can opt to impose this tax through a municipal referendum. Revenues will be distributed 90% to participating municipalities and 10% to the Maine State Housing Authority. The Department of Administrative and Financial Services (DAFS) will be allowed to retain 2% for administration. If all municipalities impose this tax, annual revenues to municipalities, the Maine State Housing Authority and DAFS will be approximately \$40.4 million, \$4.5 million and \$.9 million respectively. DAFS has indicated it will require \$2.5 million and \$2 million in the first two years for computer programming, data cleansing, forms design, etc. to establish a local option sales tax system and \$.5 million annually for one Tax Examiner II position, one Management Analyst I position, one Office Specialist I position and 2 Revenue Agent positions and related costs. A new Property Tax and Rent Relief Program account within the Maine State Housing Authority would also need to be established as an Other Special Revenue Funds account to accept the revenue and authorize expenditures.

No appropriations/allocations section required.