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An Act To Return a Portion of Sales, Lodging and Meals Taxes to Municipalities

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

Sec. 1. 30-A MRSA §5686 is enacted to read:

§ 5686. Sales tax disbursement

Beginning with fiscal year 2007, the Treasurer of State shall disburse annually to a municipality an amount equal to 10% of the difference between that fiscal year's gross revenue in taxes and fiscal year 2006's gross revenue in taxes collected under the 7% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811 in that municipality. If a fiscal year's taxes collected in a municipality under the 7% tax pursuant to Title 36, section 1811 is less than those taxes collected in 2006 in that municipality, the municipality may not receive any revenue under this section for that fiscal year. The State Treasurer shall disburse the amount due under this section and an accounting of the amount to the municipality no later than 6 months after the end of that fiscal year. The amount received under this section by a municipality may not reduce or be reduced by any other revenue sharing or state aid received by that municipality. An amount received by a municipality under this section must be used by the municipality to reduce property tax revenues in that municipality in an amount equal to the amount received in the fiscal year that the revenue is received.

SUMMARY

This bill requires the Treasurer of State to disburse to a municipality an amount equal to 10% of the difference between the sales tax on all tangible personal property and taxable services collected in that municipality in a fiscal year and the amount collected in that municipality in fiscal year 2006. If the amount of sales taxes collected in a fiscal year in a municipality is below that collected in 2006, then the municipality receives no revenue under this bill. The amount received under this bill may not reduce any other state aid or revenue sharing received by that municipality, and the municipality must use the amount received under this bill to reduce property taxes by the same amount.