



# 126th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2013

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Legislative Document

No. 1297

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H.P. 924

House of Representatives, April 2, 2013

**An Act To Provide Funding for Public Education by Increasing the  
Sales Tax**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative CHENETTE of Saco.  
Cosponsored by Representatives: GOODE of Bangor, NOON of Sanford, PLANTE of  
Berwick, RYKERSON of Kittery.

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

2 **Sec. 1. 20-A MRSA §15752-A** is enacted to read:

3 **§15752-A. State funding for mandated legislative appropriations for kindergarten**  
4 **to grade 12 education**

5 By June 30, 2014 and annually thereafter, the State Controller shall credit to the  
6 department an amount that, as certified by the State Tax Assessor, is equivalent to 2/17 of  
7 the 5 2/3% tax imposed on the value of tangible personal property and taxable services  
8 pursuant to Title 36, section 1811. That amount must be used to supplement and not to  
9 supplant funding for essential programs and services for kindergarten to grade 12  
10 education under chapter 606-B.

11 **Sec. 2. 36 MRSA §1811, first ¶**, as amended by PL 2011, c. 209, §4 and affected  
12 by §5, is further amended to read:

13 A tax is imposed on the value of all tangible personal property and taxable services  
14 sold at retail in this State. The rate of tax is 7% on the value of liquor sold in licensed  
15 establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title  
16 28-A, chapter 43; 7% on the value of rental of living quarters in any hotel, rooming house  
17 or tourist or trailer camp; 10% on the value of rental for a period of less than one year of  
18 an automobile, of a pickup truck or van with a gross vehicle weight of less than 26,000  
19 pounds rented from a person primarily engaged in the business of renting automobiles or  
20 of a loaner vehicle that is provided other than to a motor vehicle dealer's service  
21 customers pursuant to a manufacturer's or dealer's warranty; 7% on the value of prepared  
22 food; and ~~5%~~ 5 2/3% on the value of all other tangible personal property and taxable  
23 services. Value is measured by the sale price, except as otherwise provided. The value of  
24 rental for a period of less than one year of an automobile or of a pickup truck or van with  
25 a gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged  
26 in the business of renting automobiles is the total rental charged to the lessee and  
27 includes, but is not limited to, maintenance and service contracts, drop-off or pick-up  
28 fees, airport surcharges, mileage fees and any separately itemized charges on the rental  
29 agreement to recover the owner's estimated costs of the charges imposed by government  
30 authority for title fees, inspection fees, local excise tax and agent fees on all vehicles in its  
31 rental fleet registered in the State. All fees must be disclosed when an estimated quote is  
32 provided to the lessee.

33 **Sec. 3. Report and recommendations.** No later than January 1, 2016, the  
34 Department of Administrative and Financial Services, Bureau of Revenue Services and  
35 the Department of Education shall each evaluate the effect of the increase of the sales tax  
36 under this Act on the funding for essential programs and services for kindergarten to  
37 grade 12 education under the Maine Revised Statutes, Title 20-A, chapter 606-B and  
38 submit a joint report that includes the findings of the evaluations and provides  
39 recommendations to the joint standing committee of the Legislature having jurisdiction  
40 over taxation matters and the joint standing committee of the Legislature having  
41 jurisdiction over education matters. The report must include justification for any  
42 recommendations with respect to continuing the increase in the sales tax and any

1 recommendations with respect to other alternatives for funding for essential programs and  
2 services for kindergarten to grade 12 education under Title 20-A, chapter 606-B. The  
3 joint standing committee of the Legislature having jurisdiction over taxation matters and  
4 the joint standing committee of the Legislature having jurisdiction over education matters  
5 have authority to jointly submit a bill to the Second Regular Session of the 127th  
6 Legislature.

7 **Sec. 4. Effective date.** This Act takes effect October 1, 2013.

8 **SUMMARY**

9 This bill raises the sales tax from 5% to 5 2/3% and uses the funds to assist the State  
10 in providing at least 55% of the cost of the total allocation for kindergarten to grade 12  
11 education from General Fund revenue sources. The bill also requires the Department of  
12 Administrative and Financial Services, Bureau of Revenue Services and the Department  
13 of Education to evaluate the effect of the increase of the sales tax on the funding for  
14 essential programs and services for kindergarten to grade 12 education and report their  
15 findings and recommendations to the joint standing committee of the Legislature having  
16 jurisdiction over taxation matters and the joint standing committee of the Legislature  
17 having jurisdiction over education matters.