

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34

Date: (Filing No. H- )

**TAXATION**

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
128TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 1046, L.D. 1522, Bill, “An Act To Authorize a Local Option Sales Tax”

Amend the bill in section 1 in §1818 by striking out all of sections 1 and 2 (page 1, lines 4 to 18 in L.D.) and inserting the following:

**1. Definitions.** As used in this section, "participating municipality" means a municipality that has imposed a local option sales tax pursuant to this section.

**2. Authorization to impose local option sales tax.** A municipality by referendum conducted pursuant to subsection 8 may impose a local option sales tax of no more than 1% on prepared food and the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp and may limit the period of time the tax is imposed to specified months of the year as long as the months are consecutive.'

Amend the bill in section 1 in §1818 in subsection 5 in paragraph A in the first line (page 1, line 33 in L.D.) by striking out the following: "50%" and inserting the following: '65%'

Amend the bill in section 1 in §1818 in subsection 5 in paragraph C in the 2nd line (page 1, line 37 in L.D.) by striking out the following: "25%" and inserting the following: '10%'

Amend the bill in section 1 in §1818 by striking out all of subsection 6 (page 2, lines 6 to 8 in L.D.) and inserting the following:

**6. Use of revenue by participating municipality.** The revenue raised by the imposition of a local option sales tax under this section must be held by the participating municipality in a special revenue account established for that purpose. Revenue from that account may be expended only if specifically authorized by an appropriation of the local legislative body.'

Amend the bill in section 1 in §1818 by striking out all of subsection 8 (page 2, lines 16 to 27 in L.D.) and inserting the following:

**COMMITTEE AMENDMENT**

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

4 The petition process and voting must be held and conducted in accordance with Title  
5 30-A, sections 2528, 2529 and 2532 even if the municipality has not accepted the  
6 provisions of Title 30-A, section 2528. The voting at elections must be held and  
7 conducted in accordance with Title 21-A. The municipal clerk shall prepare the required  
8 ballots, which must contain substantially the following question:

9 "Do you favor a local option sales tax of up to 1% on prepared food and  
10 short-term lodging to be imposed by [insert name of municipality] for the  
11 months of [insert the names of the months] each year?"

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

16 The local option sales tax may be discontinued by referendum conducted in the same  
17 manner as the referendum adopting the local option sales tax under this subsection.'

#### 18 **SUMMARY**

19 This amendment restricts the local option sales tax authorized by the bill to taxation  
20 of sales of prepared food and lodging, provides that the revenue must be placed in a  
21 special account to be expended only if specifically authorized by the local legislative  
22 body and changes the distribution of revenue from the local option sales tax by increasing  
23 from 50% to 65% the amount transferred to the participating municipality and reducing  
24 the amount transferred to the Regional Economic Development Revolving Loan Program  
25 from 25% to 10%. The amendment also changes the required referendum question to  
26 reflect the change in authorized use by a municipality of local option sales tax revenue  
27 funds.

#### 28 **FISCAL NOTE REQUIRED**

29 **(See attached)**