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TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
129TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT " " to H.P. 915, L.D. 1254, Bill, "An Act To Authorize a Local Option Sales Tax on Meals and Lodging and Provide Funding To Treat Opioid Use Disorder"

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

'An Act To Authorize a Local Option Sales Tax on Lodging and Provide Funding for Maine Rural Development'

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 36 MRSA §1820 is enacted to read:

§1820. Municipal local option sales tax on lodging; funding for rural development

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Local option sales tax" means a sales tax imposed pursuant to subsection 2.

B. "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 1% on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp.

3. Local option sales tax limited to lodging. A municipality may not impose a local option sales tax on the value of rental of living quarters of any hotel, rooming house or tourist or trailer camp not subject to tax pursuant to section 1811.

4. Notify State Tax Assessor. A participating municipality shall notify the assessor at least 90 days before the local option sales tax is effective.

5. Administration. A retailer in a participating municipality shall transfer the revenue from a local option sales tax at the time and in the manner provided in section

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1 1951-A for the transfer of state sales tax revenue. The tax is subject to the same
2 enforcement provisions, interest, penalties and administrative actions as other taxes
3 assessed under this Part.

4 **6. Distribution of revenue.** Quarterly, the assessor shall identify the amount of
5 revenue attributable to each participating municipality under this section, subtract the
6 costs of administering this section and certify the net amount for that municipality to the
7 Treasurer of State for distribution pursuant to this subsection. From the net amount
8 certified for a municipality under this subsection, the Treasurer of State shall make
9 monthly payments as follows:

10 A. Seventy-five percent to the participating municipality; and

11 B. Twenty-five percent to the Maine Rural Development Authority established under
12 Title 5, chapter 383, subchapter 9.

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

15 For purposes of this subsection, "costs of administering this section" means the lesser of
16 the actual cost to the assessor of administering this section and 2% of the total revenue
17 generated by a local option sales tax.

18 **7. Effect on revenue sharing and other state aid programs.** Revenue received
19 pursuant to subsection 5 may not be considered to be receipts from the taxes imposed
20 under this Part for the purpose of transfers to the Local Government Fund under Title
21 30-A, section 5681. Revenue received pursuant to subsection 5 may not be used to reduce
22 or eliminate any funding otherwise due a municipality under any provision of law
23 providing aid to the municipality, including, but not limited to, aid for schools, roads,
24 public assistance or jails.

25 **8. Referendum.** The question of whether to impose a local option sales tax must be
26 submitted to the legal voters of a municipality that seeks to impose the local option sales
27 tax. The referendum question must indicate the rate of the local option sales tax.

28 The petition process and voting must be held and conducted in accordance with Title
29 30-A, sections 2528, 2529 and 2532 even if the municipality has not accepted the
30 provisions of Title 30-A, section 2528. The voting at elections must be held and
31 conducted in accordance with Title 21-A.

32 The municipal clerk shall make a return of the results, certify the results and send them to
33 the Secretary of State. The Secretary of State shall forward the results to the assessor.

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

36 **9. Effective date of tax; acceptance by voters.** A local option sales tax authorized
37 by this section takes effect 120 days after the municipal referendum vote under
38 subsection 8 if it is accepted by a majority of the legal voters voting at the election and
39 the total number of votes cast equals or exceeds 20% of the total number of votes cast in
40 the municipality in the most recent gubernatorial election, except that no local option
41 sales tax may take effect before July 1, 2021.'

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

3 **SUMMARY**

4 This amendment changes the local option sales tax proposed in the bill by limiting it
5 to lodging; limiting it to 1%; and requiring it to be imposed year-round. The amendment
6 changes the distribution of local sales tax net revenue to 75% for the municipality
7 imposing the tax and 25% to be distributed to the Maine Rural Development Authority.
8 The amendment also provides that a local option sales tax may not take effect before July
9 1, 2021.

10 **FISCAL NOTE REQUIRED**

11 **(See attached)**