

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

2 **Sec. 1. 36 MRSA §1817** is enacted to read:

3 **§1817. Municipal local option sales tax**

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

6 **A. "Participating municipality"** means a municipality that has imposed a local option  
7 sales tax pursuant to this section.

8 **B. "Sales tax base"** means those items subject to sales taxation under this Part.

9 **2. Authorization to impose local option sales tax.** A municipality by referendum  
10 conducted pursuant to subsection 9 may impose a local option sales tax of no more than  
11 1% on those items that are part of the sales tax base, except for items that are excluded  
12 under subsection 3, and may limit the period of time the tax is imposed to specified  
13 months of the year. A municipality that adopts a local option sales tax pursuant to this  
14 section may not alter the range of items subject to sales taxation under this Part.

15 **3. Excluded items.** A municipality may not impose a local option sales tax on  
16 aircraft, furniture as defined in section 2551, subsection 4, items used in production,  
17 machinery and equipment as defined in section 1752, subsection 7-B, motor vehicles,  
18 watercraft or major household appliances. For purposes of this section, "major household  
19 appliance" means a piece of equipment used for a specific function in the home  
20 purchased for more than \$500 excluding tax.

21 **4. Notify assessor.** A municipality that imposes a local option sales tax under  
22 subsection 2 shall notify the assessor at least 90 days before the local option sales tax is  
23 effective.

24 **5. Administration.** Retailers in a participating municipality shall transfer the  
25 revenue from the local option sales tax at the time and in the manner provided in section  
26 1951-A for the transfer of state sales tax revenue. The tax is subject to the same  
27 enforcement provisions, interest, penalties and administrative actions as other taxes  
28 assessed under this Part.

29 **6. Distribution of revenue.** Each month, the assessor shall identify the amount of  
30 revenue attributable to each participating municipality under this section, subtract the  
31 costs of administering this section and certify the net amount due each participating  
32 municipality to the Treasurer of State. The Treasurer of State shall make monthly  
33 payments to municipal treasurers of the net amounts certified by the assessor under this  
34 subsection.

35 For purposes of this subsection, "costs of administering this section" means the lesser of  
36 the actual cost to the assessor of administering this section and 2% of the total revenue  
37 generated by municipalities that impose local option sales taxes.

38 **7. Use of revenue by participating municipality.** The revenue raised by the  
39 imposition of a local option sales tax under this section must be held by the municipality

1 in a special revenue account established for that purpose. Revenue from that account  
2 may be expended only if specifically authorized by an appropriation of the local  
3 legislative body.

4 **8. Effect on revenue sharing and other state aid programs.** Revenue received by  
5 the State pursuant to subsection 6 may not be considered to be receipts from the taxes  
6 imposed under this Part for the purpose of transfers to the Local Government Fund under  
7 Title 30-A, section 5681. Revenue received pursuant to subsection 6 may not be used to  
8 reduce or eliminate any funding otherwise due the county or participating municipality  
9 under any provision of law providing aid to the county or participating municipality,  
10 including, but not limited to, aid for schools, roads, public assistance or jails.

11 **9. Referendum.** The question of whether to impose a local option sales tax must be  
12 submitted to the legal voters of a municipality that seeks to impose the local option sales  
13 tax.

14 The petition process and voting must be held and conducted in accordance with Title  
15 30-A, sections 2528, 2529 and 2532 even if the municipality has not accepted the  
16 provisions of Title 30-A, section 2528. The voting at elections must be held and  
17 conducted in accordance with Title 21-A. The municipal clerk shall prepare the required  
18 ballots, which must contain substantially the following question:

19 "Do you favor a local option sales tax of up to 1% to be imposed by  
20 [insert name of municipality] for the months of [insert the names of the  
21 months] each year?"

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

26 The local option sales tax may be discontinued by referendum conducted in the same  
27 manner as the referendum adopting the local option sales tax under this section.

28 **10. Effective date of local option sales tax; acceptance by voters.** The local  
29 option sales tax authorized by this section takes effect 120 days after the municipal  
30 referendum vote under subsection 9 if it is accepted by a majority of the legal voters  
31 voting at the election and the total number of votes cast equals or exceeds 20% of the  
32 total number of votes cast in that municipality in the most recent gubernatorial election.

33 **11. Repeal.** This section is repealed on December 31, 2018.

## 34 SUMMARY

35 This bill allows a municipality to impose a local option sales tax, which may be  
36 seasonal, of no more than 1% by local referendum. Certain items, such as motor vehicles  
37 and major household appliances, are excluded from the local option sales tax.