

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Reduce the Property Tax Burden

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

Sec. 1. 5 MRSA §13090-K, sub-§2, as enacted by PL 2001, c. 439, Pt. UUUU, §1, is amended to read:

2. Source of fund. Beginning July 1, 2003 and every July 1st thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 7% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the first 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund as described by Title 30-A, section 5681, subsection 5. Beginning on October 1, 2003 and every October 1st thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 7% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the last 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund. Beginning October 1, 2007 and every October 1st thereafter, and after the transfer required by Title 30-A, section 5686, subsection 3, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the tax imposed pursuant to Title 36, section 1811 on the value of rental of living quarters in any hotel, rooming house or tourist trailer camp and on the value of prepared food for the first 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund. Beginning July 1, 2008 and every July 1st thereafter, and after the transfer required by Title 30-A, section 5686, subsection 3, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the tax imposed pursuant to Title 36, section 1811 on the value of rental of living quarters in any hotel, rooming house or tourist trailer camp and on the value of prepared food for the last 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund. The tax amount must be based on actual sales for that fiscal year and may not consider any accruals that may be required by law. The amount transferred from General Fund sales and use tax revenues does not affect the calculation for the transfer to the Local Government Fund.

Sec. 2. 30-A MRSA §5686 is enacted to read:

§ 5686. Revenue sharing of meals and lodging taxes

1. Meals and Lodging Property Tax Relief Fund established. There is established the Meals and Lodging Property Tax Relief Fund, referred to in this section as "the fund," for the purpose of returning a portion of the revenue generated by meals and lodging taxes to the municipalities in which those taxes were collected. As used in this section, "meals and lodging tax" means the taxes imposed pursuant to Title 36, section 1811 on the value of prepared food and on the value of the rental of living quarters in any hotel, rooming house or tourist or trailer camp.

2. Fund to be used for property tax relief. A municipality that receives a transfer of funds pursuant to subsection 3 must use that revenue to decrease the property taxes imposed on the residents of that municipality.

3. Amount of transfer; duties of Director of Bureau of Revenue Services. Beginning October 1, 2007, on the last day of each month, the Director of the Bureau of Revenue Services within the Department of Administrative and Financial Services shall transfer to the fund an amount equal to 10% of the receipts from the meals and lodging tax credited to the General Fund. Beginning November 2007, on the 27th day of each month, the director shall distribute the balance in the fund to the municipalities based on the information provided by the State Tax Assessor pursuant to subsection 4.

4. Duties of State Tax Assessor. Beginning November 2007, by the 25th day of each month, the State Tax Assessor shall calculate the amount of the meals and lodging tax collected in each municipality and the amount to be returned to each municipality pursuant to subsection 3 and provide the calculation to the Director of the Bureau of Revenue Services within the Department of Administrative and Financial Services.

5. Plantation and unorganized territory. For purposes of this section, plantations and the unorganized territory are treated as if they were municipalities.

6. Indian territory. For purposes of this section, the Passamaquoddy Tribe and the Penobscot Nation Indian territories are treated as if they were municipalities.

Sec. 3. 36 MRSA §1811, first ¶, as amended by PL 2001, c. 439, Pt. TTTT, §2 and affected by §3, is further amended to read:

A tax is imposed on the value of all tangible personal property and taxable services sold at retail in this State. The rate of tax is 7% on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43; ~~7%~~9% on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp; 10% on the value of rental for a period of less than one year of an automobile; ~~7%~~9% on the value of prepared food; and 5% on the value of all other tangible personal property and taxable services. Value is measured by the sale price, except as otherwise provided.

SUMMARY

This bill increases the taxes imposed on lodging and prepared meals from 7% to 9%. The bill returns 10% of the sales tax collected on lodging and prepared meals to the municipalities in which those taxes were levied; revenue received by a municipality must be used to provide property tax relief to the residents of that municipality.

This bill also requires transfers to the municipalities to be done before transfers to the Tourism Marketing Promotion Fund, which currently receives 5% of the 7% tax imposed on lodging and meals.