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Date: (Filing No. H-)

TAXATION

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

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 823, L.D. 1298, “An Act to Allow a Local Option Sales Tax on Short-term Lodging to Fund Affordable Housing”

Amend the bill in section 1 in the first line (page 1, line 2 in L.D.) by striking out the following: "**§1821**" and inserting the following: '**§1822**'

Amend the bill in section 1 in §1821 in the first line (page 1, line 3 in L.D.) by striking out the following: "**§1821**" and inserting the following: '**§1822**'

Amend the bill in section 1 in §1821 by striking out all of subsection 2 (page 1, lines 20 to 24 in L.D.) and inserting the following:

'2. Authorization to impose local option sales tax. A municipality by referendum conducted pursuant to subsection 9 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. A local option sales tax may not be imposed in the unorganized territory.'

Amend the bill in section 1 in §1821 in subsection 5 in the 2nd line (page 1, line 31 in L.D.) by inserting after the following: "1951-A" the following: ', subsection 1'

Amend the bill in section 1 in §1821 by striking out all of subsection 6 and replacing it with the following:

'6. Distribution of revenue. By the 20th day of each month, the assessor shall certify to the State Controller and the Treasurer of State the amount of revenue attributable to the local option sales tax collected in the previous month in each participating municipality, after deducting from that revenue the costs of administering this section. For the purposes of this subsection, "costs of administering this section" means the lesser of the actual cost to the assessor of administering this section and 2% of the total revenue generated by a local option sales tax.'

By the end of each month, the Treasurer of State shall make payments to the participating municipalities of the amounts certified by the assessor pursuant to this subsection.'

Amend the bill in section 1 in §1821 by striking out all of subsection 10 and replacing it with the following:

COMMITTEE AMENDMENT

10. Effective date of tax; acceptance by voters. A local option sales tax authorized by this section takes effect on the first day of the first month that begins after 120 days have passed from the municipal referendum vote under subsection 9 if the referendum is approved by a majority of the legal voters voting at the election and the total number of votes cast equals or exceeds 20% of the total number of votes cast in the municipality in the most recent gubernatorial election. A local option sales tax may not take effect before January 1, 2025.'

Amend the bill by inserting after section 1 the following:

'Sec. 2. 36 MRSA §1951-A, sub-§3, as amended by PL 2011, c. 285, §7, is repealed.

Sec. 3. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF
Revenue Services, Bureau of 0002**

Initiative: Provides one-time funding for computer programming, testing and outreach costs related to the municipal local option sales tax on short-term lodging.

| GENERAL FUND | 2023-24 | 2024-25 |
|---------------------------|----------------|------------------|
| All Other | \$0 | \$271,481 |
| GENERAL FUND TOTAL | <u>\$0</u> | <u>\$271,481</u> |

Revenue Services, Bureau of 0002

Initiative: Provides funding for one Tax Examiner III position and related All Other costs to administer the local option sales tax on short-term lodging.

| GENERAL FUND | 2023-24 | 2024-25 |
|---------------------------|----------------|-----------------|
| Personal Services | \$0 | \$94,114 |
| All Other | \$0 | \$4,614 |
| GENERAL FUND TOTAL | <u>\$0</u> | <u>\$98,728</u> |

**ADMINISTRATIVE AND FINANCIAL
SERVICES, DEPARTMENT OF
DEPARTMENT TOTALS**

| | 2023-24 | 2024-25 |
|-------------------------------------|-------------------|-------------------------|
| GENERAL FUND | \$0 | \$370,209 |
| DEPARTMENT TOTAL - ALL FUNDS | <u>\$0</u> | <u>\$370,209</u> |

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

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SUMMARY

This amendment aligns the rented living quarters subject to the local option sales tax with the rented living quarters subject to the sales tax under current law and includes a provision excluding the unorganized territory from participation in a local option sales tax. The amendment also clarifies that the retailer collecting sales tax pursuant to the local option sales tax authorized by the bill must file monthly and make payments on forms prescribed by the State Tax Assessor and also repeals a provision of law that allows individuals collecting sales tax on casual rentals of living quarters to file and pay sales tax on their individual income tax returns. The amendment adds a process and timeline for the distribution of revenues by the Treasurer of State to participating municipalities. The amendment also clarifies that a local option sales tax does not take effect until the first day of the first month that begins after 120 days after the municipal referendum adopting the tax and specifies that a local option sales tax may not take effect before January 1, 2025.

FISCAL NOTE REQUIRED

(See attached)