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An Act To Allow Municipalities To Impose a Local Option Lodging or Meals Tax

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

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

§ 1817. Municipal local option lodging or meals tax

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

- A. "Local option tax" means either a local option lodging tax or a local option meals tax, or both.
- B. "Lodging" means the rental of living quarters in any hotel, rooming house or tourist or trailer camp that is subject to sales taxation under this Part.
- C. "Meals" means prepared food.
- D. "Participating municipality" means a municipality that has imposed a local option lodging tax pursuant to this section.

2. Authorization to impose local option tax. A municipality may impose a local option lodging tax of no more than 4% or a local option meals tax of no more than 4%, or both, subject to a referendum pursuant to subsection 7.

3. Notify State Tax Assessor. A municipality that imposes a local option tax under subsection 2 shall notify the State Tax Assessor at least 90 days before the local option tax is effective.

4. Administration. Every person that manages or operates in the regular course of business or on a casual basis a hotel, rooming house or tourist or trailer camp in a participating municipality or that collects or receives rents from a hotel, rooming house or tourist or trailer camp in a participating municipality shall transfer the revenue from the local option lodging tax at the time and in the manner provided in section 1951-A for the transfer of state sales tax revenue.

Every retailer that provides meals in a participating municipality shall impose and collect the local option tax approved for that municipality on the meals provided in that participating municipality and transfer the revenue from the local option tax at the time and in the manner provided in section 1951-A for the transfer of state sales tax revenue.

The local option tax is subject to the same enforcement provisions, interest, penalties and administrative actions as other taxes assessed under this Part.

5. Distribution of revenue. Each month, the State Tax Assessor shall identify the amount of revenue attributable to each participating municipality under this section, subtract the costs of administering this section and certify the net amount due each participating municipality to the Treasurer of State.

Of the net amount certified under this subsection, the Treasurer of State shall make monthly payments as follows:

- A. To the participating municipality, 75% of the net amount; and
- B. To the county in which that participating municipality is located, 25% of the net amount.

For 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 local option taxes.

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

7. Referendum. The question of whether to impose a local option tax must be submitted to the legal voters of a municipality that seeks to impose the local option tax.

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

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

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

8. Effective date of tax; acceptance by voters. The local option tax authorized by this section takes effect 120 days after the municipal referendum vote under subsection 7 if it is accepted by a majority of the local voters voting at the election and the total number of votes cast equals or exceeds 20% of the total number of votes cast in that municipality in the most recent gubernatorial election.

SUMMARY

HP1002, LD 1426, item 1, 124th Maine State Legislature
An Act To Allow Municipalities To Impose a Local Option Lodging or Meals Tax

This bill allows a municipality to impose a local option lodging tax or a local option meals tax, or both, of 4% or less by local referendum. Revenue from the local option tax is distributed as follows: 75% to the municipality and 25% to the county in which the municipality is located.