

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 Promote Tourism and Economic Development**

**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 July 1, 2014 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 25% of the 12% tax imposed on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp pursuant to Title 36, section 1811, for the first 6 months of the prior fiscal year before the reduction for the transfer to the Local Government Fund. Beginning on October 1, 2014 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 25% of the 12% tax imposed on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp pursuant to Title 36, section 1811, for the last 6 months of the prior fiscal year before 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 except as provided in this subsection.

**Sec. 2. 30-A MRSA §5681, sub-§5**, as amended by PL 2009, c. 213, Pt. S, §4 and affected by §16, is further amended to read:

**5. Transfers to funds.** No later than the 10th day of each month, the State Controller shall transfer to the Local Government Fund 5% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8, and Title 36, section 2552, subsection 1, paragraphs A to F and L, and credited to the General Fund without any reduction, except as provided in Title 5, section 13090-K, subsection 2 and except that the postage, state cost allocation program and programming costs of administering state-municipal revenue sharing may be paid by the Local Government Fund. A percentage share of the amounts transferred to the Local Government Fund each month must be transferred to the Disproportionate Tax Burden Fund and distributed pursuant to subsection 4-B as follows:

- C. For months beginning on or after July 1, 2009 but before July 1, 2010, 15%;
- D. For months beginning on or after July 1, 2010 but before July 1, 2011, 16%;
- E. For months beginning on or after July 1, 2011 but before July 1, 2012, 17%;
- F. For months beginning on or after July 1, 2012 but before July 1, 2013, 18%;
- G. For months beginning on or after July 1, 2013 but before July 1, 2014, 19%; and
- H. For months beginning on or after July 1, 2014, 20%.

**Sec. 3. 30-A MRSA §5686** is enacted to read:

**§ 5686. Municipal share of lodging tax**

Beginning July 1, 2014, no later than the 10th day of each month, the State Controller shall transfer to a municipality an amount certified by the State Tax Assessor that is equivalent to 16.5% of the receipts from the 12% tax imposed pursuant to Title 36, section 1811 on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp located in that municipality and remitted during the previous month before the reduction for the transfer to the Local Government Fund as described by section 5681, subsection 5.

**Sec. 4. 36 MRSA §1811, first ¶**, as amended by PL 2011, c. 209, §4 and affected by §5, 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%~~12% 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, of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged in the business of renting automobiles or of a loaner vehicle that is provided other than to a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's warranty; 7% 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. The value of rental for a period of less than one year of an automobile or of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged in the business of renting automobiles is the total rental charged to the lessee and includes, but is not limited to, maintenance and service contracts, drop-off or pick-up fees, airport surcharges, mileage fees and any separately itemized charges on the rental agreement to recover the owner's estimated costs of the charges imposed by government authority for title fees, inspection fees, local excise tax and agent fees on all vehicles in its rental fleet registered in the State. All fees must be disclosed when an estimated quote is provided to the lessee.

**Sec. 5. Effective date.** That section of this Act that amends the Maine Revised Statutes, Title 36, section 1811, first paragraph takes effect October 1, 2013.

## **SUMMARY**

This bill increases the sales tax on lodging from 7% to 12% beginning October 1, 2013. Sixty percent of the revenue attributable to the tax increase is distributed to the Tourism Marketing Promotion Fund, and 40% is distributed to the municipality in which the living quarters that generated the revenue are located.