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An Act To Authorize a Local Option Sales Tax on Meals and Lodging and Provide Funding To Treat Opioid Use Disorder

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

Sec. 1. 36 MRSA §1819 is enacted to read:

§ 1819. Municipal local option sales tax on meals and lodging; funding for treatment of opioid use disorder

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

A. "Local option sales tax" means a sales tax imposed pursuant to subsection 2.

B. "Participating municipality" means a municipality that has imposed a local option sales tax pursuant to this section.

C. "Prepared food" does not include adult use marijuana or adult use marijuana products, as defined in Title 28-B, section 102, subsections 1 and 2, respectively.

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 no more than 1% on prepared food and the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp and may limit the period of time the tax is imposed to specified months of the year.

3. Local option sales tax limited to taxable meals and lodging. A municipality may not impose a local option sales tax on prepared food or the value of rental of living quarters of any hotel, rooming house or tourist or trailer camp not subject to tax pursuant to section 1811.

4. Notify State Tax Assessor. A participating municipality shall notify the assessor at least 90 days before the local option sales tax is effective.

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

6. Distribution of revenue. Each month, the 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 for that municipality to the Treasurer of State for distribution pursuant to this subsection. From the net amount certified for a municipality under this subsection, the Treasurer of State shall make monthly payments as follows:

A. To the participating municipality, 85% of the net amount; and

B. To all other municipalities, 15% of the net amount. Funds distributed pursuant to this paragraph must be used by the receiving municipality for the purposes of preventing and treating opioid use disorder in that municipality.

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 a local option sales tax.

7. Use of revenue by participating municipality. A participating municipality that receives funds pursuant to subsection 6, paragraph A shall use those funds for the purposes described in the referendum approved under subsection 9.

8. 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 a municipality under any provision of law providing aid to the municipality, including, but not limited to, aid for schools, roads, public assistance or jails.

9. Referendum. The question of whether to impose a local option sales tax must be submitted to the legal voters of a municipality that seeks to impose the local option sales tax. The referendum question must indicate the rate of the local option sales tax, specify the months during which it will be imposed if not year-round and identify the purposes for which the revenue will be used.

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 Title 30-A, 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 sales tax may be discontinued by referendum conducted in the same manner as the referendum adopting the tax under this subsection.

10. Effective date of tax; acceptance by voters. A local option sales tax authorized by this section takes effect 120 days after the municipal referendum vote under subsection 9 if it is accepted 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 that municipality in the most recent gubernatorial election.

SUMMARY

This bill allows a municipality to impose a local option sales tax, which may be seasonal, on prepared food, not including marijuana or marijuana products, and short-term lodging of no more than 1% if approved by referendum of the voters in that municipality. Revenue from the local option sales tax is distributed 85% to the municipality and 15% to all other municipalities. The 15% distributed to a municipality must be used by that municipality for the purposes of preventing and treating opioid use disorder in that municipality. Revenue received by a municipality may not be used to reduce or eliminate funding otherwise due the municipality under other provisions of law.