



131st MAINE LEGISLATURE

LD 1747

LR 1078(01)

An Act to Return the Sales Tax Rate to 5 Percent

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Arata of New Gloucester

Committee: Taxation

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$45,000,200	\$136,678,400	\$145,297,750	\$147,428,600
Appropriations/Allocations				
General Fund	\$50,000	\$0	\$0	\$0
Revenue				
General Fund	(\$44,950,200)	(\$136,678,400)	(\$145,297,750)	(\$147,428,600)
Other Special Revenue Funds	(\$2,365,800)	(\$7,193,600)	(\$7,647,250)	(\$7,759,400)

Fiscal Detail and Notes

Reducing the sales tax rate from 5.5% to 5.25% beginning October 1, 2023 and further reducing the rate to 5% beginning July 1, 2024 will decrease General Fund revenue by \$44,950,200 in fiscal year 2023-24 and \$136,678,400 in fiscal year 2024-25. It will also decrease Local Government Fund revenue by \$2,365,800 in fiscal year 2023-24 and \$7,193,600 in fiscal year 2024-25. Any revenues derived from sales on Passamaquoddy, Penobscot, or Maliseet tribal lands taxable at the 5.5% rate would also be impacted, resulting in small reductions in the Passamaquoddy, Penobscot, and Maliseet Sales Tax Funds. These fund distributions are not separately estimated.

The Department of Administrative and Financial Services, Bureau of Revenue Services will require a one-time General Fund appropriation of \$50,000 in fiscal year 2023-24 for computer programming costs associated with the changes to the sales tax.