



129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 609

H.P. 437

House of Representatives, February 5, 2019

**An Act To Provide Municipalities Additional Sales Tax Revenue
from Lodging Sales**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative TERRY of Gorham.
Cosponsored by Representatives: CARNEY of Cape Elizabeth, COOPER of Yarmouth,
MATLACK of St. George, McCREIGHT of Harpswell, TIPPING of Orono, Senator:
CHIPMAN of Cumberland.

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

2 **Sec. 1. 36 MRSA §1812, sub-§1-A**, as enacted by PL 2017, c. 211, Pt. B, §4 and
3 affected by §9, is amended to read:

4 **1-A. Computation.** Every retailer shall add the sales tax imposed by ~~section~~
5 sections 1811 and 1819 to the sale price on all sales of tangible personal property and
6 taxable services that are subject to tax under this Part. The tax when so added is a debt of
7 the purchaser to the retailer until it is paid and is recoverable at law by the retailer from
8 the purchaser in the same manner as the sale price. When the sale price involves a
9 fraction of a dollar, the tax computation must be carried to the 3rd decimal place, then
10 rounded down to the next whole cent whenever the 3rd decimal place is one, 2, 3 or 4 and
11 rounded up to the next whole cent whenever the 3rd decimal place is 5, 6, 7, 8 or 9.

12 **Sec. 2. 36 MRSA §1819** is enacted to read:

13 **§1819. Local sales tax on lodging increment**

14 **1. Local sales tax on lodging increment.** Beginning January 1, 2020, an additional
15 tax of 1% is imposed on the value of rental of living quarters in any hotel, rooming house
16 or tourist or trailer camp that is sold at retail in this State and that is subject to tax at the
17 rate of 9% under section 1811.

18 **2. Distribution of revenue.** By the 20th day of each month, the assessor shall
19 identify and certify the amount of revenue attributable to each municipality and the
20 unorganized territory under this section for the previous month and subtract the costs of
21 administering this section. The Treasurer of State shall make monthly payments to
22 municipal treasurers of the net amounts certified by the assessor under this subsection for
23 each municipality and to the Unorganized Territory Education and Services Fund for the
24 net amount attributable to the unorganized territory.

25 For purposes of this subsection, "costs of administering this section" means the lesser of
26 the actual cost to the assessor of administering this section and 2% of the total revenue
27 generated under this section.

28 **3. Effect on revenue sharing and other state aid programs.** Revenue received by
29 the State pursuant to subsection 1 may not be considered to be receipts from the taxes
30 imposed under this Part for the purpose of transfers to the Local Government Fund under
31 Title 30-A, section 5681. Revenue received pursuant to subsection 1 may not be used to
32 reduce or eliminate any funding otherwise due a county or municipality under any
33 provision of law providing aid to the county or municipality, including, but not limited to,
34 aid for schools, roads, public assistance or jails.

35 **Sec. 3. 36 MRSA §1861**, as amended by PL 1995, c. 640, §6, is further amended
36 to read:

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§1861. Imposition

A tax is imposed, at the respective ~~rate~~ rates provided in ~~section~~ sections 1811 and 1819, on the storage, use or other consumption in this State of tangible personal property or a service, the sale of which would be subject to tax under section 1764 or 1811. Every person so storing, using or otherwise consuming is liable for the tax until the person has paid the tax or has taken a receipt from the seller, as duly authorized by the assessor, showing that the seller has collected the sales or use tax, in which case the seller is liable for it. Retailers registered under section 1754-B or 1756 shall collect the tax and make remittance to the assessor. The amount of the tax payable by the purchaser is that provided in the case of sales taxes by section 1812. When tangible personal property purchased for resale is withdrawn from inventory by the retailer for the retailer's own use, use tax liability accrues at the date of withdrawal.

Sec. 4. 36 MRSA §1951-B, sub-§3, as enacted by PL 2017, c. 245, §1 and affected by §2, is amended to read:

3. Collection of tax by remote seller. Notwithstanding any provision of law to the contrary, a person selling tangible personal property, products transferred electronically or services for delivery into this State is subject to the provisions of this Part and shall collect and remit the sales tax imposed pursuant to ~~section~~ sections 1811 and 1819 in the same manner as a retailer that has a physical presence in this State if:

- A. The person's gross revenue from delivery of tangible personal property, products transferred electronically or services that are taxable by this State into this State in the previous calendar year or current calendar year exceeds \$100,000; or
- B. The person sold tangible personal property, products transferred electronically or services that are taxable by this State for delivery into this State in at least 200 separate transactions in the previous calendar year or the current calendar year.

SUMMARY

This bill provides an incremental sales tax of 1% for those sales currently subject to the 9% sales tax on lodging. The incremental revenue, after reduction for administrative costs, is returned to the municipality or unorganized territory to which the revenue is attributable. The amount received may not be used to reduce any other state aid or revenue sharing to municipalities or the unorganized territory.