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Legislative Document

No. 1342

H.P. 993

House of Representatives, March 30, 2021

**An Act To Authorize a Local Option Sales Tax on Lodging and
Other Goods and Provide Funding for Tax Abatement and Rental
Relief**

Reference to the Committee on Taxation suggested and ordered printed.

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

ROBERT B. HUNT
Clerk

Presented by Representative SYLVESTER of Portland.

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

2 **Sec. 1. 30-A MRSA §4722, sub-§1, ¶FF**, as amended by PL 2019, c. 555, §2, is
3 further amended to read:

4 FF. Provide grants to eligible homeowners who are served by private well water that
5 shows evidence of high levels of arsenic contamination. For purposes of this
6 paragraph, "homeowner" includes an individual who occupies a single-family dwelling
7 that is located on land that is owned by a member of that individual's immediate family
8 and "immediate family" means a spouse, parent, child, sibling, stepchild, stepparent
9 and grandparent; ~~and~~

10 **Sec. 2. 30-A MRSA §4722, sub-§1, ¶GG**, as enacted by PL 2019, c. 555, §3, is
11 amended by amending the first blocked paragraph to read:

12 Rules adopted under this paragraph are routine technical rules; and

13 **Sec. 3. 30-A MRSA §4722, sub-§1, ¶HH** is enacted to read:

14 HH. Create a program to provide property tax relief and rent relief using revenue from
15 the local option sales tax imposed pursuant to Title 36, section 1820 and distributed to
16 the Maine State Housing Authority under Title 36, section 1820, subsection 6,
17 paragraph B. The program must be available to a municipality that applies directly to
18 the authority and that meets qualifications as established by the authority.

19 The authority shall adopt routine technical rules pursuant to Title 5, chapter 375,
20 subchapter 2-A to implement the provisions of this paragraph, including the application
21 process and qualifications.

22 **Sec. 4. 36 MRSA §1820** is enacted to read:

23 **§1820. Municipal local option sales tax on lodging; funding for rural development**

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

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

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

29 **2. Authorization to impose local option sales tax.** A municipality by referendum
30 conducted pursuant to subsection 8 may impose a local option sales tax of 1% on the value
31 of rental of living quarters in any hotel, rooming house or tourist or trailer camp.

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

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

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

1 **6. Distribution of revenue.** Quarterly, the assessor shall identify the amount of
2 revenue attributable to each participating municipality under this section, subtract the costs
3 of administering this section and certify the net amount for that municipality to the
4 Treasurer of State for distribution pursuant to this subsection. From the net amount
5 certified for a municipality under this subsection, the Treasurer of State shall make monthly
6 payments as follows:

7 A. Ninety percent to the participating municipality; and

8 B. Ten percent to the Maine State Housing Authority to fund the property tax and rent
9 relief program established pursuant to Title 30-A, section 4722, subsection 1,
10 paragraph HH.

11 For the purposes of this subsection, the unorganized territory must receive reimbursement
12 as if it is one municipality.

13 For purposes of this subsection, "costs of administering this section" means the lesser of
14 the actual cost to the assessor of administering this section and 2% of the total revenue
15 generated by a local option sales tax.

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

23 **8. Referendum.** The question of whether to impose a local option sales tax must be
24 submitted to the legal voters of a municipality that seeks to impose the local option sales
25 tax. The referendum question must indicate the rate of the local option sales tax.

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

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

32 The local option sales tax may be discontinued by referendum conducted in the same
33 manner as the referendum adopting the tax under this subsection.

34 **9. Effective date of tax; acceptance by voters.** A local option sales tax authorized
35 by this section takes effect 120 days after the municipal referendum vote under subsection
36 8 if it is accepted by a majority of the legal voters voting at the election and the total number
37 of votes cast equals or exceeds 20% of the total number of votes cast in the municipality in
38 the most recent gubernatorial election, except that no local option sales tax may take effect
39 before July 1, 2022.

40 SUMMARY

41 This bill allows a municipality to impose a local option sales tax of 1% on lodging that
42 is currently subject to the sales and use tax if approved by referendum of the voters in that
43 municipality. Ninety percent of the revenue from the local option sales tax is distributed to
44 the municipality imposing the local option sales tax. The other 10% is distributed to the

1 Maine State Housing Authority, which is required to establish a program of property tax
2 relief and rent relief for municipalities using the revenue.

3 Revenue received by a municipality may not be used to reduce or eliminate funding
4 otherwise due the municipality under other provisions of law. The local option sales tax
5 may not take effect before July 1, 2022.