

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: *Tuesday, January 9, 2024*

L.D. 1027 – “*An Act to Prohibit Local Sales Taxes*”

Senator Grohoski, Representative Perry, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am here today at the request of the Administration to testify Neither For Nor Against L.D. 1027, “*An Act to Prohibit Local Sales Taxes.*”

Article IX, § 9 of the Maine Constitution states that the “Legislature shall never, in any manner, suspend or surrender the power of taxation.” Although there may be some uncertainty as to whether a local option sales tax would be valid even with express Legislative authorization, the weight of authority strongly concludes that Art. IX, Sec. 9 bars a municipality from adopting a local sales tax *without* express authorization from the Legislature; as such, this bill merely codifies that restriction. While the Administration has not supported local option sales taxes in previous legislative sessions, its view is that on balance – and particularly in the area of tax law – it is better not to enact a statute merely to restate a Constitutional prohibition that already exists

Should the Committee decided to move forward with this bill, there are a few technical clarifications we would bring to the Committee’s attention at Work Session on the bill.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.