

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: May 23, 2013
To: Members, Joint Standing Committee on Taxation
From: Elizabeth Cooper, Legislative Analyst
Re: Final Amendment Review – LD 427

An amendment and fiscal note for LD 427 are attached for your review.

LD 427, "An Act To Authorize Options for Local Revenue Enhancement"

The Committee voted ONTP\OTPA on May 13, 2013.

- This amendment, which is the minority report, limits the local option sales tax to 1%, excludes certain items from the based on which a local option sales tax may be imposed and repeals the local option sales tax in December 2015.
- The fiscal note projects a potential cost increase in the current biennium and states that the cost for a new computer program to implement local option sales tax collection is estimated at \$1,400,000.

Please let me know if you have any questions or concerns about this amendment. It will be reported out soon.



126th MAINE LEGISLATURE

LD 427

LR 425(02)

An Act To Authorize Options for Local Revenue Enhancement

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Potential current biennium cost increase - General Fund

Fiscal Detail and Notes

Allowing participating municipalities to impose a local option sales tax of up to 1% of the purchase price of eligible items upon approval of the local option sales tax by local referendum will require Maine Revenue Services to determine the applicable tax revenue attributable to each municipality. Additional administrative costs associated with this determination will be paid for from local option sales tax revenue collected unless the allowable administrative costs are greater than 2% of the total local option sales tax revenue generated, in which case a General Fund appropriation would be required to cover excess administrative expense. Maine Revenue Services anticipates that the costs to establish a new computer program to account for the local option sales tax collection and disbursement would be in the vicinity of \$1,400,000.

Date:

(Filing No. H-)

TAXATION

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
126TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 299, L.D. 427, Bill, “An Act To Authorize Options for Local Revenue Enhancement”

Amend the bill in section 1 in §1817 by striking out all of subsection 2 (page 1, lines 9 to 14 in L.D.) and inserting the following:

2. Authorization to impose local option sales tax. A municipality by referendum conducted pursuant to subsection 8 may impose a local option sales tax of no more than 1% on those items that are part of the sales tax base, except for items that are excluded under subsection 3, and may limit the period of time the tax is imposed to specified months of the year. A municipality that adopts a local option sales tax pursuant to this section may not alter the range of items subject to sales taxation under this Part.

3. Excluded items. A municipality may not impose a local option sales tax on aircraft, furniture as defined in section 2551, subsection 4, items used in production, machinery and equipment as defined in section 1752, subsection 7-B, motor vehicles, watercraft or major household appliances. For purposes of this section, "major household appliance" means a piece of equipment used for a specific function in the home purchased for more than \$500 excluding tax.'

Amend the bill in section 1 in §1817 in subsection 8 in the question in the first line (page 2, line 13 in L.D.) by striking out the following: "5%" and inserting the following: '1%'

Amend the bill in section 1 in §1817 by inserting at the end the following:

'10. Repeal. This section is repealed on December 31, 2015.'

Amend the bill in section 1 in §1817 to renumber the subsections to read consecutively.

COMMITTEE AMENDMENT

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SUMMARY

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This amendment, which is the minority report, limits the local option sales tax to 1%, excludes certain items from the base on which a local option sales tax may be imposed and repeals the authorization for a local option sales tax on December 31, 2015.