

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: May 3, 2013

To: Members, Joint Standing Committee on Taxation

From: Elizabeth Cooper, Legislative Analyst

LD 1141, An Act To Increase the Sales Tax To Support Revenue Sharing

Summary: This bill imposes an additional 1% sales tax if the amount of revenue transferred for revenue sharing is less than 5% for the prior fiscal year. If in the subsequent year the amount of revenue transferred for revenue sharing is at least 5%, the sales tax rates revert to the statutory rates for the next fiscal year.

Public Hearing:

Proponents

- Representative Goode presented the bill on behalf of the sponsor and read the sponsor's written testimony into the record.
- The testimony in favor of the bill was provided by an interested citizen and representatives of Maine People's Alliance, Maine Municipal Association and the Mayor's Coalition.
- *Major points:* there is precedence for this type of action; will generate revenue to fund revenue sharing and prevent some other cuts; helps restore balance between 3 tax types, still need comprehensive tax reform.

Opposed

- Those testifying in opposition to the bill included a representative of the New England Convenience Store Association. Written testimony was submitted by the Maine Chamber of Commerce, the Distilled Spirits Council of the United States and the Maine Chapter of the National Federation of Independent Business.
- *Major points:* raising sales tax hinders recovery from recession; Maine already one of the highest taxed states.

NFNA- none.

Fiscal Information: The preliminary fiscal impact statement was not available at the time this analysis was finalized. The most current fiscal information on bills can be found online at: www.mainelegislature.org/LawMakerWeb/search.asp.