



126th MAINE LEGISLATURE

LD 427

LR 425(01)

An Act To Authorize Options for Local Revenue Enhancement

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. MacDonald of Old Orchard Beach

Committee: Taxation

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

Potential current biennium cost increase - General Fund

Fiscal Detail and Notes

Allowing participating municipalities to impose a local option sales tax of up to 5% 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.