



128th MAINE LEGISLATURE

LD 1285

LR 1401(02)

An Act To Tax Political Expenditures Made Immediately before an Election

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Contingent future biennium cost increase - General Fund (constitutional issue)

	FY 2017-18	FY 2018-19	Projections FY 2019-20	Projections FY 2020-21
Net Cost (Savings)				
General Fund	\$100,000	\$0	\$0	\$0
Appropriations/Allocations				
General Fund	\$100,000	\$0	\$0	\$0

Fiscal Detail and Notes

The bill includes a one-time General Fund appropriation of \$100,000 in fiscal year 2017-18 to the Department of Administrative and Financial Services for programming costs to establish a new tax on political expenditures.

The bill imposes a tax on a person making a political expenditure during a taxable period at the rate of 50% of the value of the political expenditure. A taxable period is defined as the interval starting the 14th day before an election or referendum and ending the day of the election or referendum. As the amount of revenue collected from this tax could vary widely from one election or referendum to another depending on the ballot measures at the time, no estimate of revenue is made at this time and no estimate is made regarding the length of time that would pass before the initial appropriation of \$100,000 will be fully reimbursed to the General Fund.

This tax on political expenditures could be challenged legally under the First Amendment to the US Constitution's provisions regarding free speech. If that happens, and if the court determines that the tax is unconstitutional, the State could be required to pay the plaintiff's attorneys fees and court costs. No estimate of the potential cost has been made.