



130th MAINE LEGISLATURE

LD 1342

LR 559(02)

An Act To Authorize a Local Option Sales Tax on Lodging and Other Goods and Provide Funding for Tax Abatement and Rental Relief

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Contingent current biennium cost increase - General Fund
 Contingent future biennium revenue increase - General Fund
 Contingent future biennium revenue increase - Municipalities
 Contingent future biennium revenue increase - Maine State Housing Authority

Fiscal Detail and Notes

All of the impacts described below are contingent on at least one municipality voting to impose a local sales tax.

This bill creates a local option sales tax of 1% on lodging and prepared food effective July 1, 2023. Municipalities can opt to impose this tax through a municipal referendum. Revenues will be distributed 90% to participating municipalities and 10% to the Maine State Housing Authority. The Department of Administrative and Financial Services (DAFS) will be allowed to retain 2% for administration. If all municipalities impose this tax, annual revenues to municipalities, the Maine State Housing Authority and DAFS will be approximately \$40.4 million, \$4.5 million and \$.9 million respectively. DAFS has indicated it will require \$2.5 million and \$2 million in the first two years for computer programming, data cleansing, forms design, etc. to establish a local option sales tax system and \$.5 million annually for one Tax Examiner II position, one Management Analyst I position, one Office Specialist I position and 2 Revenue Agent positions and related costs. A new Property Tax and Rent Relief Program account within the Maine State Housing Authority would also need to be established as an Other Special Revenue Funds account to accept the revenue and authorize expenditures.