



132nd MAINE LEGISLATURE

LD 746**LR 826(02)**

An Act to Authorize a Local Option Sales Tax on Short-term Lodging to Fund Municipalities and Affordable Housing

Fiscal Note for Bill as Amended by Committee Amendment " "**Committee: Taxation****Fiscal Note Required: Yes**

Fiscal Note

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
Net Cost (Savings)				
General Fund	\$937,927	\$826,995	\$545,341	\$524,341
Appropriations/Allocations				
General Fund	\$937,927	\$698,995	\$148,341	\$148,341
Other Special Revenue Funds	\$0	\$326,000	\$2,131,000	\$2,178,000
Revenue				
General Fund	\$0	(\$128,000)	(\$397,000)	(\$376,000)
Other Special Revenue Funds	\$0	\$4,821,000	\$20,829,000	\$21,320,000

Fiscal Detail and Notes

This bill allows municipalities to impose a local option sales tax of two percent on lodging rentals that are subject to the state sales tax if approved by referendum of the voters in that municipality. Ten percent of the revenue from the local option sales tax must be transferred to the Maine State Housing Authority. The cost of administering the local option sales tax is retained in the General Fund and the balance is distributed to municipalities imposing the local option sales tax. The bill includes a revenue decrease to the General Fund of \$128,000 in fiscal year 2026-27 and a revenue decrease to the Local Government Fund of \$7,000 in fiscal year 2026-27. The bill also includes transfers to the Maine State Housing Authority of \$326,000 and to participating municipalities of \$4,502,000 in fiscal year 2026-27.

Additionally, the bill includes General Fund appropriations of \$937,927 in fiscal year 2025-26 and \$698,995 in fiscal year 2026-27 to the Bureau of Revenue Services within the Department of Administrative and Financial Services to establish one Tax Examiner I position to review and process local option sales tax filings effective as well as to fund computer programming costs associated with the provisions of this bill.

The bill also includes an Other Special Revenue Funds allocation of \$326,000 in fiscal year 2026-27 to the Maine State Housing Authority to authorize the expenditure of fund received from the local option sales tax for the rural affordable rental housing program and for another program that supports the development of affordable housing in rural communities.