An Act To Exempt Certain Meals Provided to Food Service Employees from the Sales and Use Tax

Reference to the Committee on Taxation suggested and ordered printed.

Presented by Representative BERRY of Bowdoinham.
Cosponsored by Senator VITELLI of Sagadahoc and
Be it enacted by the People of the State of Maine as follows:

**Sec. 1.** 36 MRSA §1760, sub-§6, ¶F, as amended by PL 2011, c. 380, Pt. DDDD, §3 and affected by §§5 and 6, is further amended to read:

F. Served by youth camps licensed by the Department of Health and Human Services and defined in Title 22, section 2491, subsection 16; and

**Sec. 2.** 36 MRSA §1760, sub-§6, ¶G, as enacted by PL 2011, c. 380, Pt. DDDD, §4 and affected by §§5 and 6, is amended to read:

G. Served by a retirement facility to its residents when participation in the meal program is a condition of occupancy or the cost of the meals is included in or paid with a comprehensive fee that includes the right to reside in a residential dwelling unit and meals or other services, whether that fee is charged annually, monthly, weekly or daily; and

**Sec. 3.** 36 MRSA §1760, sub-§6, ¶H is enacted to read:

H. Provided to an employee of an eating establishment as defined in Title 22, section 2491, subsection 7 while that employee is actually working, up to a maximum cost to the employer of $6 per day as adjusted under section 5403, subsection 9.

**Sec. 4.** 36 MRSA §5403, sub-§§7 and 8, as enacted by PL 2017, c. 474, Pt. B, §24, are amended to read:

7. Personal exemptions. Beginning in 2018 and each year thereafter, by the dollar amounts contained in section 5126-A, subsection 1, except that for the purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2017; and

8. Personal exemption phase-out. Beginning in 2018 and each year thereafter, by the dollar amount of the applicable amounts specified in section 5126-A, subsection 2, paragraphs A, B and C, except that for the purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2017; and

**Sec. 5.** 36 MRSA §5403, sub-§9 is enacted to read:

9. Meals for employees. Beginning in 2020 and each year thereafter, by the dollar amount of the maximum exemption for certain employee meals under section 1760, subsection 6, paragraph H. If the base amount, adjusted by application of the cost-of-living adjustment, is not a multiple of 25¢, any increase must be rounded to the next lowest multiple of 25¢. For the purposes of this subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2017; and
Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2018.

Sec. 6. 36 MRSA §5403, 2nd ¶, as amended by PL 2017, c. 474, Pt. B, §25, is further amended to read:

   Except for subsection 5, paragraph A and subsection 9, if the dollar amount of each item, adjusted by the application of the cost-of-living adjustment, is not a multiple of $50, any increase must be rounded to the next lowest multiple of $50.

Sec. 7. Effective date. This Act takes effect November 1, 2019.

SUMMARY

This bill exempts from sales and use tax meals, up to a maximum cost to the employer of $6 per day, provided to an employee of an eating establishment while that employee is working. It provides that, beginning in 2020, the amount of the exemption must be adjusted for inflation.