

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Support County Government

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA c. 216 is enacted to read:

CHAPTER 216

Limited special sales and use tax

§ 1871. Authority for limited special sales and use tax

Beginning January 1, 2008, the legislative body of a county, subject to the requirements of this chapter, may elect to impose within the county a limited special sales and use tax.

§ 1872. Eligible projects

The limited special sales and use tax authorized by this chapter may be imposed only for the purpose of financing one or more eligible projects. The following types of projects are eligible for financing under this chapter:

- 1. Civic center improvements.** A capital project that will replace or renovate a civic center;
- 2. Tourism promotion.** A project that will generate regional economic activity or attract and support visitors to the county;
- 3. Municipal or county services.** A project involving the delivery of municipal or county services; and
- 4. Property tax relief.** A project that will provide property tax relief.

§ 1873. Certification of eligible projects

Before preparing the warrant for a referendum vote in accordance with section 1875, the county officers of a county intending to impose a limited special sales and use tax under this chapter must obtain from the Commissioner of Administrative and Financial Services a certification that the project to be financed by the proposed limited special sales and use tax is an eligible project under section 1872.

§ 1874. Limitations

1. Rate; collection. Any tax imposed under this chapter is a fixed percentage on the value of liquor sold in licensed establishments, as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43; a fixed percentage on the value of rental of living quarters in any hotel,

rooming house or tourist or trailer camp; and a fixed percentage on the value of prepared food. The county may specify a higher tax rate for the rental of living quarters in any hotel, rooming house or tourist or trailer camp.

2. Collection. A tax imposed under this chapter must be added to the tax imposed under chapter 213 or 215 and must be collected and administered in the same manner as taxes imposed under those chapters.

3. Use of revenues. The proceeds of the tax imposed under this chapter may be used to finance more than one eligible project.

4. Period of tax. A tax imposed under this chapter expires on the earliest of the following dates:

A. The final day of the maximum period of time specified in the county referendum for the imposition of the tax;

B. The last day of the calendar quarter during which the county determines that the tax will have raised revenues sufficient to provide the proceeds equal to the amount specified as the maximum amount of proceeds needed to finance the approved project; or

C. Five years from the date of imposition of the tax.

5. Limitation. Once a tax imposed under this chapter expires, a limited special sales and use tax may not be imposed again in the same county under this chapter until at least 3 years after the date of the expiration of the tax.

§ 1875. Referendum required

The question of whether to impose a limited special sales and use tax in a county must be submitted at a countywide election to the legal voters of the county that seeks to impose the tax. The voting at elections held in towns and plantations must be held and conducted in accordance with Title 30-A, sections 2528, 2529 and 2532 even if the town or plantation has not accepted the provisions of section 2528. The voting at elections held in municipalities must be held and conducted in accordance with Title 21-A, and the referendum must take place at a municipal general election with a turnout equal to or greater than 30% of the votes cast in the last gubernatorial election. The municipal clerk shall prepare the required ballots, which must contain the following question:

“Do you favor a special [insert rate or rates] percent sales and use tax to be imposed in [insert name of county] for a period of time not to exceed and for the raising of not more than \$..... for the purpose[s] of?”

If debt is to be issued in conjunction with the purpose for which the tax is to be imposed, the term of the debt may not exceed 5 years, and the debt is a general obligation of the county. In that county the ballot must also contain the following statement:

“If imposition of the tax is approved by the voters, the vote also constitutes approval of the issuance of general obligation debt of [insert name of county] in a principal amount not to exceed \$..... for the above purpose.”

The municipal clerk shall make a return of the results, certify the results and send them to the Secretary of State. The Secretary of State shall forward the results to the State Tax Assessor.

§ 1876. Implementation of tax

1. Effective date. If the imposition of a limited special sales and use tax under this chapter is approved by a majority of the voters in the county under section 1875, the tax takes effect on the first day of the next succeeding calendar quarter that begins more than 90 days after the date of the election at which the tax was approved by the voters. The county adopting the tax shall notify the State Tax Assessor at least 90 days before the tax is effective and shall state the effective date and period of the tax.

2. Distribution of the tax. The proceeds of a tax imposed under this chapter must be distributed as follows:

A. One-half of 1% may be retained by the business that collects the tax to defray administrative expenses;

B. Two percent of the amount collected must be retained by the State to defray its costs of administration;

C. The Local Government Fund, established in Title 30-A, section 5681, receives 5.1% of the amount collected; and

D. The remaining amount collected must be paid to the county that adopted the tax.

3. Use of proceeds by county. Proceeds received by a county under this chapter must be used as follows.

A. The proceeds received by the county from a tax adopted under this chapter must be used exclusively for the purpose or purposes specified in the referendum under section 1875. The proceeds must be kept in a separate account from other funds of the county and may not in any manner be commingled with other funds of the county prior to expenditure.

B. The proceeds may be used to pay general obligation debt issued for the approved purpose for which the tax is imposed.

C. If the proceeds exceed the maximum amount specified in the referendum for the financing of a project, they must be placed in a designated fund, which may be used only for the purpose of maintaining the project once completed.

§ 1877. Multicounty limited special sales and use tax districts authorized

Nothing in this chapter may be construed to prevent 2 or more counties from joining together for the purpose of creating a multicounty limited special sales and use tax district. Before the county officers prepare the warrant for a referendum vote authorizing the imposition of a multicounty limited special sales and use tax, the participating counties must execute an interlocal agreement pursuant to Title 30-A, chapter 115 that details the financial responsibilities of each participating county with respect to the project to be financed by the limited special sales and use tax. The interlocal agreement must detail the respective county financial obligations in the circumstance of any participating county voting at referendum to impose the tax and in the circumstance of any participating county voting at referendum not to impose the tax. For the purposes of complying with Title 30-A, section 2205, an interlocal agreement executed for the purpose of this chapter must be submitted to the Director of the State Planning Office within the Executive Department for approval.

Sec. 2. 36 MRSA §4641-B, sub-§3, as enacted by PL 2001, c. 559, Pt. I, §4 and as affected by §15, is amended to read:

3. Disposition of funds. Each register of deeds shall, on or before the 10th day of each month, pay over to the State Tax Assessor ~~90%~~75% of the tax collected pursuant to this section during the previous month. The remaining ~~10%~~25% must be retained for the county by the register of deeds and accounted for to the county treasurer as reimbursement for services rendered by the county in collecting the tax. If the tax collected is not paid over by the 10th day of the month, the State Tax Assessor may impose interest pursuant to section 186.

Sec. 3. Effective date. That section of this Act that amends the Maine Revised Statutes, Title 36, section 4641-B, subsection 3 takes effect October 1, 2007.

SUMMARY

This bill establishes a process for a county to adopt a limited special sales and use tax to generate county revenue to finance projects to improve civic centers, promote tourism, improve the delivery of municipal or county services and to provide property tax relief. It also changes the distribution of the real estate transfer tax proceeds to the county from 10% to 25% of revenue.