



131st MAINE LEGISLATURE

LD 1298

LR 2113(02)

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

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

| | FY 2023-24 | FY 2024-25 | Projections FY 2025-26 | Projections FY 2026-27 |
|-----------------------------------|------------|------------|---------------------------|---------------------------|
| Net Cost (Savings) | | | | |
| General Fund | \$0 | \$370,209 | \$135,172 | \$139,871 |
| Appropriations/Allocations | | | | |
| General Fund | \$0 | \$370,209 | \$135,172 | \$139,871 |

Fiscal Detail and Notes

This bill allows municipalities by referendum to impose a local option sales tax of 1% on short-term lodging that is subject to the sales and use tax. It is not known how many and which municipalities will conduct a successful referendum to impose such a tax, but those that do will see revenue increases. Maine Revenue Services has indicated that there may be some reduction in the demand for short-term lodging because of the new tax. If that occurs there would be some reduction in revenue to the General Fund, the Local Government Fund and the Tourism Marketing Fund. This fiscal note does not reflect a reduction in revenue in these categories.

The bill includes ongoing General Fund appropriations to the Department of Administrative and Financial Services, Bureau of Revenue Services of \$98,927 in fiscal year 2024-25 for one Tax Examiner III position beginning October 1, 2024 to administer a local option sales tax on short-term lodging. It also includes a one-time General Fund appropriation to the Bureau of Revenue Services of \$271,481 in fiscal year 2024-25 for computer programming, implementation and testing and outreach costs associated with a local option sales tax.

Additional costs to the Office of Treasurer of State associated with distributing local option sales tax revenue to participating municipalities are considered to be minor and can be absorbed within existing budgeted resources.