

**DRAFT (11/07/2024)**

**An Act to Expand Local Revenues by Amending the State-Municipal Revenue Sharing Program**

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

**Sec. 1. 30-A MRSA §5681, sub-§3**, as amended by PL 2009, c.213, Pt. S, §3 and affected by §16, is further amended to read:

3. Revenue-sharing funds. To strengthen the state-municipal fiscal relationship pursuant to the findings and objectives of subsection 1, there is established the Local Government Fund. To provide additional support for municipalities experiencing a higher-than-average property tax burden, there is established the Disproportionate Tax Burden Fund. To further support municipalities that support Maine's meals and lodging economies, there is established the Local Government Hospitality Fund.

**Sec. 2. 30-A MRSA §5681, sub-§4-C** is enacted to read:

**4-C. Distribution of Local Government Hospitality Fund.** The Treasurer of State shall transfer the balance in the Local Government Hospitality Fund on the 20th day of each month. Money in the Local Government Hospitality Fund must be distributed to each municipality in which meals and lodging tax is collected and in proportion to the total as determined by sub-§5.

**Sec. 3. 30-A MRSA §5681, sub-§5**, as amended by PL 2023, c.412, Pt. XXX, §1 and affected by §15 is further amended to read:

**5. (TEXT EFFECTIVE 1/01/25) Transfers to funds.** Before January 1, 2025, no later than the 10th day of each month, the State Controller shall transfer to the Local Government Fund 5% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8, and Title 36, section 2552, former subsection 1, paragraphs A to F and L, and credited to the General Fund without any reduction, except that for fiscal years 2015-16, 2016-17, 2017-18 and 2018-19 the amount transferred is 2%, for fiscal year 2019-20 the amount transferred is 3%, for fiscal year 2020-21 the amount transferred is 3.75% and for fiscal year 2021-22 the amount transferred is 4.5% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8, and Title 36, section 2552, former subsection 1, paragraphs A to F and L, and credited to the General Fund without any reduction, and except that the postage, state cost allocation program and programming costs of administering state-municipal revenue sharing may be paid by the Local Government Fund.

Beginning January 1, 2025, no later than the 10th day of each month, the State Controller shall transfer to the Local Government Fund 5% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8 and Title 36, section 2552, subsection 1-A, and credited to the General Fund without any reduction, except that the postage, state cost allocation program and programming costs of administering state-municipal revenue sharing may be paid

by the Local Government Fund. Twenty percent of the amounts transferred to the Local Government Fund each month must be transferred to the Disproportionate Tax Burden Fund and distributed pursuant to subsection 4-B.

Beginning January 1, 2026, no later than the 10th day of the month, the State Controller shall transfer to the Local Government Hospitality Fund 1% of the receipts during the previous month from the taxes imposed under Title 36, §1811, subsection 1-D(1) and (3) and credited to the General Fund without any reduction, except that the postage, state cost allocation program and programming costs of administering state-municipal revenue sharing may be paid by the Local Government Hospitality Fund.

### **Summary**

This bill creates an additional revenue sharing stream for municipalities by establishing the Local Government Hospitality Fund and distributing an additional 1% of meals and lodging sales tax revenue to communities where the tax was collected.