

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES (Filing No. H-1266)
108TH LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" H.P. 2346, L.D. 2213, RESOLUTION,
Proposing an Amendment to the Constitution to Limit the Maximum
Property Tax which can be Levied.

Amend the Resolution by striking out all of the Title and
inserting in its place the following:

'AN ACT to Limit Government Spending and Provide Property Tax Relief.'

Further amend the Resolution by striking out everything
after the Title and inserting in its place the following:

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

5 MRSA c. 142 is enacted to read:

CHAPTER 142

LIMITS OF GOVERNMENT SPENDING

§1521. Definitions

For the purposes of this chapter, the following words
shall have the following meanings, unless the context clearly
indicates otherwise.

1. Cost-of-living. "Cost-of-living" means the estimate
of the average expense of living in this State.

2. Cost-of-living change. "Cost-of-living change" means
the average percentage change in the cost-of-living during the
12-month period ending 6 months prior to the beginning of the
fiscal year, as measured by any generally accepted reasonable
method as determined by statute.

3. Dedicated revenue accounts. "Dedicated revenue
accounts" means accounts that are established by statute
for certain specified revenues or proceeds, when the use or

allocation of those revenues is restricted and specified.

These accounts include proceeds of taxes on owners or producers of products or resources used to promote or protect those products or resources. These accounts shall not include revenues received pursuant to the Constitution, Article IX, Section 19.

4. Local unit of government. "Local unit of government" means a unit of government that is not the State.

5. Municipality. "Municipality" means a city, town or plantation.

6. Personal income. "Personal income" means the estimate of the aggregate income of all state residents for a 12-month period.

7. Personal income change. "Personal income change" means the average percentage change in personal income during the 12-month period ending 12 months prior to the beginning of the fiscal year, as measured by any generally accepted reasonable method, as determined by statute.

8. Program. "Program" means a program, service, action, function or activity.

9. Unit of government. "Unit of government" means the State, a county, municipality, school district or other school administrative unit that is not a municipality.

10. Use charges. "Use charges" means revenues received by a unit of government for providing a product or service, where the charge collected is no greater than the cost to the unit of government of providing the product or service, and the quantity of the product or level of service provided to a user is at his discretion. Use charges shall not include dedicated

revenue accounts, nor revenues received pursuant to the Constitution, Article IX, Section 19.

§1522. Appropriations limits; adjustment; exclusions; exemptions; counties

1. Appropriations limits. Except as provided in this section, the annual appropriations of a unit of government shall not exceed the adjusted appropriations of that unit during the preceding year, unless a majority of its voters approve, by referendum, a different amount.

2. Adjustments. In establishing the amount of the adjusted appropriations, the unit of government:

A. Shall adjust the authorized appropriations by excluding any expenditure category which has been judged exempt or excluded from the restrictions of this section pursuant to the final judgment of a court;

B. Shall adjust the authorized appropriations by excluding any emergency expenditures made under section 1525;

C. Shall adjust the authorized appropriations for program changes as provided under section 1523; and

D. After making the adjustments under ^{paragraphs} A, B and C, may adjust the authorized expenditures by increasing them by the cost-of-living change or the personal income change, whichever is less.

3. Exclusions. Appropriations or expenditures of the following revenues or moneys shall be excluded from appropriations limits in subsection 1:

A. Moneys received directly or indirectly from the Federal Government;

B. Moneys paid to and from the Unemployment Insurance Compensation Fund under Title 26, chapter 13;

C. For the collecting unit, moneys collected by one local unit of government for the benefit and in an amount levied or established by another local unit;

D. Moneys derived from the issuance of, or to pay interest on, or to repay the principal of indebtedness authorized and issued in accordance with law;

E. The proceeds of contracts, grants, gifts, donations and bequests made to the unit of government for a purpose as specified by the contractor or donor;

F. Moneys received and appropriated or allocated as use charges;

G. Funds or moneys accruing to and paid out by the State under section 1524;

H. Funds or moneys appropriated or authorized as emergency expenditures under section 1525;

I. Allocations or appropriations of proceeds, income or assets governed by the Constitution, Article IX, Section 18;

J. Appropriations or expenditures made by the State to reimburse municipalities for revenue lost as a result of implementing of the Constitution, Article IX, Section 8, subsection 1; and

K. Appropriations, allocations or expenditures of dedicated revenue accounts in effect on the effective date of this chapter.

4. Municipal exemption. This section shall not apply to a municipality unless that municipality has adopted this chapter as provided under section 1527.

5. Counties. The annual appropriation and allocation made by the Legislature to a county shall be considered an appropriation by the county.

6. Highway Fund allocations. Allocations of revenues received pursuant to the Constitution, Article IX, Section 19 shall be considered as an appropriation of a separate unit of government under subsection 1.

§1523. Adjustments due to program changes

1. Funding transfers. If funding responsibility for a program is transferred from one unit of government to another, then:

A. The unit receiving that responsibility may increase its annual appropriations by an amount that is not greater than the adjustment in ^{paragraph} B; and

B. The unit surrendering that responsibility shall decrease its annual appropriations by the amount appropriated or allocated for that program.

2. Change from tax revenues to use charge. If the source of funding for a program is changed from tax revenues to a use charge, then the annual appropriations shall be reduced by the amount of tax revenues allocated or appropriated for that program.

3. Protection of local units. The State shall not require local units of government to fund any programs not in effect on the effective date of this ^{chapter,} nor require them to fund expansion of present programs. The State shall not transfer

funding responsibility for existing programs to local units of governments, nor reduce total state aid to local units as annually adjusted by the cost-of-living change or personal income change, whichever is less.

§1524. Use of excess revenues

All revenues accruing to the State in excess of the limitation in section 1522 shall be used to fund reductions in taxes on property used as principal places of residence.

§1525. Emergency expenditures

The State may appropriate or expend moneys in excess of the limitation established in section 1522 if:

1. Executive request. The Governor requests the Legislature to declare an emergency, and that request includes;

A. The nature of the emergency; and

B. The method and amount of the emergency funding.

2. Legislative action. The Legislature by a 2/3 vote of each House declares an emergency pursuant to the request, prior to incurring any of the requested expenditures.

3. Municipal action. A municipality may establish by ordinance a procedure governing emergency expenditures.

§1526. Dedicated revenues limitation

The annual allocation from any dedicated revenue account in effect on the effective date of this chapter shall not exceed the allocation from that account during the preceding year unless public notice and an opportunity to be heard is given to those who pay the tax or proceeds prior to an increase in the allocation. The notice shall include the specific amount of the proposed increase, both as a total increase in allocations and as

an increase in taxes or fees, and the specific proposed uses for the increase.

§1527. Municipal option

A municipality may adopt and be governed by this chapter if a majority of the municipal voters so vote in a referendum called according to statute or the governing municipal charter. The referendum question posed shall be: "Shall this municipality be governed by the chapter of the Maine Revised Statutes that establishes limits on government spending, Maine Revised Statutes, Title 5, chapter 142?"

Statutory referendum procedure; submission at general election; form of question; effective date. This Act shall be submitted to the legal voters of the State of Maine at the next general election in the month of November following passage of this Act. The city aldermen, town selectmen and plantation assessors of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Act by voting on the following question:

"Shall 'AN ACT to Limit Government Spending and Provide Property Tax Relief,' as passed / by the first special session of the 108th Legislature, be accepted?"

The legal voters of each city, town and plantation shall vote by ballot on this question, and shall designate their choice by a cross or check mark placed within a corresponding square below the words "Yes" or "No." The ballots shall be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns, and, if it appears that a majority of the legal votes are in favor of the Act, the Governor shall proclaim that fact without delay, and the Act shall become effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Act necessary to carry out the purpose of this referendum.

Statement of Fact

This amendment establishes statutory ceilings on state and local expenditures. It only establishes a ceiling on municipal expenditures if the municipality votes to be governed by the Act. It also establishes separate ceilings for the State and the Highway Fund. This amendment follows the basic content of L.D. 2209 as amended by Senate Amendment "G." It is reorganized and the drafting is clarified. It also provides for a ceiling on dedicated revenues, that may be waived after notice and hearing.

Filed by Five Members of the Committee on Appropriations and Financial Affairs
Reproduced and distributed under the direction of the Clerk of the House
(9/14/78)

(Filing No. H-1266)