

# MAINE STATE LEGISLATURE

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L.D. 2213

STATE OF MAINE  
HOUSE OF REPRESENTATIVES (Filing No. 1268)  
108TH LEGISLATURE  
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "C" 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 while Preserving  
Local Control.'

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

LIMITATION ON EXPENDITURES

§1521. Limitation on expenditures

Total General Fund appropriations during any fiscal year  
shall not exceed such appropriations for the prior fiscal year  
by a greater percentage than the lesser of: the percentage  
change in the cost of living or Maine personal income, as  
established by recognized indices selected by the Legislature,  
in such a manner that such indices are available prior to  
legislative action. Emergency appropriations may be made only

during the fiscal year for which the emergency is declared and shall be excluded from future calculations of total appropriations.

§1522. Declaration of emergency

The appropriation limit of section 1521 may be exceeded only if all the following conditions are met:

1. Request of Governor. The Governor requests the Legislature to declare an emergency;

2. Nature of emergency. The request is specific as to the nature of the emergency, the method by which the emergency will be funded and the amount of such funding; and

3. Declaration of emergency by Legislature. The Legislature declares an emergency in accordance with the specifics of the Governor's request, by a 2/3 vote of the members elected to each branch, prior to incurring any of the expenses which constitute the emergency requests.

§1523. Excess revenues

1. Excess revenues less than limitation. Amounts collected in excess of appropriations, but less than the limitation determined in accordance with section 1521, may be appropriated as a reserve and used for whatever purposes the Legislature may determine.

2. Excess revenues above limitation. Revenues in excess of the state spending limit for that year may be used by the Legislature for any or all of the following: For reduction of real property taxes, for tax refunds, for reduction of tax rates, for retirement of state bonded indebtedness, and for establishing and financing of a "budget stabilization fund " for use in a year when revenues do not rise to the appropriation limit for that year.

§1524. Protection of local government from state required costs

The Legislature and Executive Department of the State are prohibited from requiring that nonstate levels of government finance from property taxation any new or expanded programs or services or from shifting the cost of existing programs and services to nonstate levels of government, as a group, except such shifts are as/governed by statutes in effect on January 1, 1979.

§1525. Exclusions

The following expenditures shall be exempt from the limitations established in section 1521:

1. Federal revenues. Expenditures from federal revenue;
2. Debt services and bonded indebtedness. Expenditures for debt service payments or for retirement of bonded indebtedness;

3. Dedicated revenues. Expenditures from state dedicated revenue accounts in effect on January 1, 1979, except for allocations of revenues received pursuant to the Constitution, Article IX, Section 19. Expenditures of the proceeds of taxes on owners of products or resources used to promote or protect such products and resources;

4. Use charges. Expenditures of revenues from use charges; and

5. Reimbursement to municipalities. Expenditures made by the State to reimburse the organized municipalities for revenue lost as a result of the implementation of <sup>the Constitution,</sup> Article IX, Section 8, subsection 1.

§1526. Annual appropriations made to a county

The annual appropriation made to a county shall be considered an appropriation of the county for the purpose of this chapter and shall not be considered an appropriation of any other unit of government.

§1527. Unit of government

For the purpose of this chapter, "unit of government" is the State of Maine, any county, any city, town, plantation or any school district.

§1528. Standing

The Legislature may by statute determine the minimum requirements for standing to bring an action in courts of this State to enforce sections 1521 to 1527.

§1529. Local control of local expenditure limitation

The Legislature shall prescribe by law of general application a method by which the voters of a local unit of government may adopt an appropriation limitation for that unit, but shall not prescribe an appropriation limit for local units of government. In municipalities which have adopted municipal charters under the Constitution of Maine, Article VIII, any appropriation limitation shall be adopted →  
→ in accordance with the charter amendment procedure. Once adopted by a local unit, an appropriation limitation shall remain in effect until repealed, replaced or amended by the voters of that unit.

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 while Preserving Local Control' as passed by the first special session of the 108th Legislature, become law?"

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 90 days after the adjournment of the first special session of the 108th Legislature.

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

The purpose of this amendment is to provide a limitation on total General Fund expenditures except in cases of emergency. The amendment also protects local governments from property tax increases resulting from state action and provides that the Legislature shall prescribe a method by which voters of municipalities, school districts, counties and other local units may limit expenditures as determined by the Legislature. The Legislature may use revenues in excess of spending limitation for reduction of real property taxes for tax refunds, for reduction of tax rates, for retirement of state bonded indebtedness and for establishing and financing of a "budget stabilization fund" for use in a year when revenues do not rise to the appropriation limit for that year.

Filed by One Member of the Committee on Appropriations and  
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