

MAINE STATE LEGISLATURE

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R. C. S.

L.D. 2192

DATE: 3-23-98

(Filing No. H-1019)

TAXATION

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STATE OF MAINE HOUSE OF REPRESENTATIVES 118TH LEGISLATURE SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1561, L.D. 2192, Bill, "An Act to Create a Nonlegislative System to Adjust Municipal Valuations in the Circumstance of Sudden and Severe Valuation Disruption"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 36 MRSA §208-A is enacted to read:

§208-A. Adjustment for sudden and severe disruption of valuation

1. Request for adjustment. A municipality that has experienced a sudden and severe disruption in its municipal valuation may request an adjustment to the equalized valuation determined by the State Tax Assessor under section 208. A municipality requesting an adjustment under this section must file a petition, with supporting documentation, with the State Tax Assessor by the August 1st preceding the October 1st when municipalities are notified of proposed valuations under section 208.

2. Sudden and severe disruption. A municipality experiences a sudden and severe disruption in its municipal valuation if:

A. The municipality experiences an equalized net reduction in valuation from the equalized valuation that would apply without adjustment under this section. The net reduction must be at least 2% for valuations based on the status of property on April 1, 1998 and 5% for valuations in subsequent years;

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2 B. The equalized net reduction is attributable to the
 4 closure, removal, replacement, retrofit, obsolescence,
disaster or abatement attributable to a single taxpayer; and

6 C. The municipality's equalized tax rate of residential
 8 property exceeds the state average.

10 3. Procedure. On receipt of a request by a municipality
for adjustment under this section, the State Tax Assessor shall
 12 examine the documentation provided by the municipality and
 14 determine if the municipality qualifies for an adjustment under
this section. If the State Tax Assessor determines that a
 16 municipality qualifies for an adjustment under this section, the
 18 State Tax Assessor shall calculate an adjusted state valuation
for the municipality by reducing the amount that is determined
under section 208 by the amount of the net sudden and severe
disruption of equalized valuation.

20 4. Notifications. The State Tax Assessor shall notify the
 22 Commissioner of Education and the Treasurer of State of any
 24 adjusted state valuation determined under this section by
February 1st of the year following the request for an adjustment.

26 5. Effect of modified state valuation. The determination
of an adjusted state valuation has the following effect.

28 A. The Commissioner of Education shall use the adjusted
 30 state valuation for the municipality instead of the
 32 valuation certified under section 305 in calculating the
distribution of state funds to support education.

34 B. The Treasurer of State shall use the adjusted state
 36 valuation instead of the valuation certified under section
305 in calculating the distribution of state municipal
revenue sharing.

38 Further amend the bill by inserting at the end before the
 40 summary the following:

42 FISCAL NOTE

44 The Bureau of Revenue Services will incur some minor
 46 additional costs to adopt rules and to implement a procedure for
 48 adjusting the state valuation of a municipality in certain
circumstances. These costs can be absorbed within the bureau's
existing budgeted resources.

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The adjustment of certain municipal valuations in the certified State Valuation may result in the redistributions of General Purpose Aid for Local Schools and state-municipal revenue sharing, but will not affect the total distributions under these programs.'

SUMMARY

This amendment replaces the bill. It establishes an administrative mechanism for adjustment of the state valuation for municipalities that have experienced a sudden and severe disruption in valuation. The adjusted valuation is used to calculate the municipality's state education funding and state-municipal revenue sharing.

The amendment also adds a fiscal note to the bill.

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