

MAINE STATE LEGISLATURE

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R.O.S.

L.D. 1824

DATE: 4-28-04

(Filing No. H-961)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
SECOND SPECIAL SESSION

HOUSE AMENDMENT "A" to H.P. 1347, L.D. 1824, Bill, "An Act To Provide Property Tax Relief to Maine Homeowners"

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

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

PART A

Sec. A-1. 36 MRSA §6201, sub-§11-A, as amended by PL 1999, c. 401, Pt. R, §1 and affected by §2, is further amended to read:

11-A. Rent constituting property taxes accrued for nonelderly household. "Rent constituting property taxes accrued for nonelderly household" means 18% 20% of the gross rent actually paid in cash or its equivalent in any tax year by a claimant and the claimant's household solely for the right of occupancy of their Maine homestead in the tax year and which rent constitutes the basis, in the succeeding calendar year, of a claim for relief under this chapter by the claimant.

Sec. A-2. 36 MRSA §6203, as enacted by PL 1987, c. 516, §§3 and 6, is repealed.

Sec. A-3. 36 MRSA §§6203-A and 6203-B are enacted to read:

§6203-A. Payment of claim

1. Payment options. Claimants under this chapter may select any one of the following payment options for each claim.

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A. The claimant may choose to have payment made directly to the claimant.

B. Beginning with claims filed in 2006, the claimant may choose to have the payment applied against the claimant's individual income tax for the income tax year in which the claim is payable.

C. The claimant may choose to have payment made directly to the municipality where the claimant's homestead is located.

2. Payment procedure. Upon approval of claims by the State Tax Assessor, the assessor shall prepare and certify a list of individuals entitled to a claim under this chapter who have chosen a payment option authorized under subsection 1, paragraph A or C, together with the respective amount attributable to each individual and indicating the payment option chosen by the claimant, and shall forward the list to the State Controller on or before September 30th, except that for calendar year 2004 the certification must be made on or before October 10th. The Treasurer of State, upon direction of the State Controller, shall pay and distribute the claims certified by the assessor to the appropriate payee on or before October 20th. A claim of less than \$10 may not be granted. Claims not certified by the assessor by September 30th may be certified as soon as practicable thereafter, but such claims need not be paid by the State Controller by October 20th.

3. Review by State Tax Assessor; setoff required. The assessor shall review every application filed pursuant to this chapter and may reject a claim if the assessor determines that no claim is due. If the assessor determines that a claim has been incorrectly determined, the assessor shall adjust the claim. The assessor shall notify the claimant in writing of any rejection or adjustment and the reasons therefor. The rejection or adjustment is final unless appealed by the claimant pursuant to section 6229. The assessor shall set off against the claim payment any other tax liability owed by the claimant pursuant to this Title.

4. Payments made in error. If the assessor determines that a claim has been incorrectly calculated or paid in error, the amount paid may be recovered by assessment pursuant to section 141, and the assessment bears interest from the date of payment of the claim, until refunded or paid, at the rate provided by section 186.

§6203-B. Procedure for reimbursement

At least monthly on or before the last day of the month, the State Tax Assessor shall determine the benefit for each claimant

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2 under this chapter and certify the amount to the State Controller
3 to be transferred to the so-called circuit breaker reserve
4 established, maintained and administered by the State Controller
5 from the General Fund undedicated revenue within the individual
6 income tax category. At least monthly, payments of claims must be
7 made as provided in section 6203-A.

8 **Sec. A-4. 36 MRSA §6204**, as amended by PL 2001, c. 396. §42,
9 is further amended to read:

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§6204. Filing date

13 A claim may not be paid unless the claim is filed with the
14 Bureau of Revenue Services on or after August 1st and on or
15 before the following December 31st. With regards to a year for
16 which relief is requested that begins after 2003, the period for
17 filing a claim with the Bureau of Revenue Services begins on
18 January 1st following the year for which relief is requested and
19 ends on the following June 30th.

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Sec. A-5. 36 MRSA §6206, sub-§§1 and 2, as enacted by PL 1987,
c. 516, §§3 and 6, are amended to read:

23 **1. Single-member elderly households.** For single-member
24 elderly households, the benefit shall--be is calculated as
25 follows:

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If household income equals	The benefit equals:
\$0 to \$6,800 <u>\$11,000</u>	100% of the benefit base up to a maximum of \$400
\$6,801 to \$7,000 <u>\$11,001 to \$11,400</u>	75% of the benefit base up to a maximum of \$300
\$7,001 to \$7,200 <u>\$11,401 to \$11,800</u>	50% of the benefit base up to a maximum of \$200
\$7,201 to \$7,400 <u>\$11,801 to \$12,100</u>	25% of the benefit base up to a maximum of \$100

43 **2. Elderly households with 2 or more members.** For elderly
44 households with 2 or more members, the benefit shall--be is
45 calculated as follows:

If household income equals	The benefit equals:
\$0 to \$8,100 <u>\$13,100</u>	100% of the benefit base up

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2		to a maximum of \$400
4	\$8,101 to \$8,500 <u>\$13,101 to \$13,900</u>	75% of the benefit base up to a maximum of \$300
6	\$8,501 to \$8,800 <u>\$13,901 to \$14,500</u>	50% of the benefit base up to a maximum of \$200
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10	\$8,801 to \$9,200 <u>\$14,501 to \$15,000</u>	25% of the benefit base up to a maximum of \$100

12 **Sec. A-6. 36 MRSA §6207, sub-§1, ¶A-1**, as amended by PL 1997,
13 c. 557, Pt. A, §3 and affected by Pt. G, §1, is further amended
14 to read:

16 A-1. Fifty percent of that portion of the benefit base that
17 exceeds 4% but does not exceed 8% of income plus 100% of
18 that portion of the benefit base that exceeds 8% of income
19 to a maximum payment of \$1,000 for claims filed in 2004 and
20 \$1,500 for claims filed in subsequent years.

22 **Sec. A-7. 36 MRSA §6207, sub-§2**, as amended by PL 1997, c.
23 557, Pt. A, §3 and affected by Pt. G, §1, is further amended to
24 read:

26 2. **Income eligibility.** Single-member households with
27 household incomes in excess of ~~\$25,700~~ \$60,000 and households
28 with 2 or more members with a household income in excess of
29 ~~\$40,000~~ \$80,000 are not eligible for a benefit.

32 **Sec. A-8. 36 MRSA §6209, sub-§1**, as amended by PL 1989, c.
33 508, §25, is further amended to read:

34 1. **Household limitation adjustment.** Beginning March 1,
35 ~~1989~~ 2004, and annually thereafter, the State Tax Assessor shall
36 determine the household income eligibility adjustment factor.
37 That factor shall must be multiplied by the income limitations in
38 section 6206, applicable for the year prior to that for which
39 relief is requested. The result shall must be rounded to the
40 nearest \$100 and shall ~~apply~~ applies to the year for which relief
41 is requested corresponding to the year on which the annualized
42 cost of living adjustments were based. Beginning March 1, ~~1991~~
43 2004, the same procedure shall must be employed to adjust the
44 income limitation in section 6207, subsection 2.

46 **Sec. A-9. Application.** Those sections of this Act that amend
47 or enact the Maine Revised Statutes, Title 36, section 6203-A;
48 section 6204; and section 6209, subsection 1 apply to
49 applications filed on or after January 1, 2005, exclusive of
50 applications filed on extension from the prior filing period.

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Those sections of this Act that amend other provisions of the Maine Revised Statutes, Title 36, chapter 907 apply to applications filed on or after August 1, 2004.

Sec. A-10. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Bureau of Revenue Services

Initiative: Provides funding for the additional administrative costs associated with the changes in the Maine Residents Property Tax Program in this Part.

General Fund	2003-04	2004-05
Positions - Legislative Count	(0.000)	(1.000)
Personal Services	\$0	\$48,617
All Other	0	94,950
General Fund Total	\$0	\$143,567

PART B

Sec. B-1. 20-A MRSA §15653, sub-§4, as amended by PL 2003, c. 20, Pt. C, §3, is further amended to read:

4. Statewide local share. For fiscal year 2003-04 ~~2004-05~~, the statewide local share amount of the operating costs allocation is based on the sum of the amounts determined by multiplying for each unit 6.74 6.41 mills times the unit's property fiscal capacity. In subsequent years the mill rate is 7.57 mills, except that the Legislature shall determine if an increase is needed to achieve the targeted per pupil guarantee under this section.

Sec. B-2. Basic elementary and secondary per pupil operating rates. Notwithstanding any other provision of law, the basic elementary per pupil operating rate for fiscal year 2004-05 is \$5,508 and the basic secondary per pupil operating rate for fiscal year 2004-05 is \$6,124. The foundation per pupil operating rate for fiscal year 2004-05 is \$5,709.

Sec. B-3. Per pupil guarantee and statewide factor. Notwithstanding any other provision of law, the per pupil guarantee for fiscal year 2004-05 is \$5,013. The statewide factor for fiscal year 2004-05 is 0.61410.

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Sec. B-4. Foundation allocation. Notwithstanding any other provision of law, the foundation allocation of state and local funds for fiscal year 2004-05 for the purposes listed in this section is as follows:

	2004-05 TOTAL
Operating	
Per pupil guarantee pursuant to the Maine Revised Statutes, Title 20-A, section 15653, subsection 1	\$1,055,307,634
Program Costs	
Early Childhood	1,367,317
Special Education (Local)	195,504,985
Special Education (Tuition and Board)	19,395,944
Vocational Education	34,423,516
Transportation Operating	76,147,845
Bus Purchases (including lease-purchases)	10,000,000
Program Cost Total	<u>336,839,607</u>
Less percentage reduction pursuant to the Maine Revised Statutes, Title 20-A, section 15603, subsection 26-A, paragraph F	(7,141,000)
Adjusted Program Cost Total	<u>329,698,607</u>
Foundation Total - Combined Adjusted Operating and Program Cost	<u>\$1,385,006,241</u>

Sec. B-5. Foundation subsidy indexes. Notwithstanding any other provision of law, this section establishes mill rates pursuant to the Maine Revised Statutes, Title 20-A, chapter 606 as follows: operating cost millage, 8.71 mills; program millage limit, 1.36 mills.

Sec. B-6. Foundation reduction percentages. Notwithstanding any other provision of law, this section establishes reduction percentages as follows: program cost reduction percentage, 2.12%; transportation operating reduction percentage, 2.12%.

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2 **Sec. B-7. Foundation appropriation.** Notwithstanding any other
 4 provision of law, the foundation appropriation provided for
 6 general purpose aid for local schools for the fiscal year
 beginning July 1, 2004 and ending June 30, 2005 is calculated as
 follows:

	2004-05 TOTAL	2004-05 STATE
10 Foundation Total - Combined Adjusted		
12 Operating and Program Cost	\$1,385,006,241	\$658,581,719
14 Minimum State Subsidy	2,276,772	2,276,772
16 ADJUSTED FOUNDATION ALLOCATION TOTAL	\$1,387,283,013	\$660,858,491

18 **Sec. B-8. Debt service allocation.** Notwithstanding any other
 20 provision of law, the debt service allocation of state and local
 22 funds for fiscal year 2004-05 for the purposes listed in this
 section is as follows:

	2004-05 TOTAL
24 Debt Service Costs	
26 Principal and interest	\$73,787,290
28 Approved leases and lease-purchases of space	6,178,767
30 Insured value factor	3,055,623
32 Debt Service Cost Total	83,021,680
34 Less percentage reduction of insured 36 value factor pursuant to the Maine 38 Revised Statutes, Title 20-A, section 15603, subsection 26-A, paragraph F	(64,779)
40 Adjusted Debt Service Cost Total	\$82,956,901

42 **Sec. B-9. Debt service subsidy indexes.** Notwithstanding any
 44 other provision of law, this section establishes mill rates
 pursuant to the Maine Revised Statutes, Title 20-A, chapter 606
 46 as follows: operating cost millage, 8.71 mills; debt service
 millage limit, 0.38 mills.

48 **Sec. B-10. Debt service reduction percentages.** Notwithstanding
 any other provision of law, this section

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establishes reduction percentages as follows: insured value factor reduction percentage, 2.12%.

Sec. B-11. Debt service appropriation. Notwithstanding any other provision of law, the debt service appropriation provided for general purpose aid for local schools for the fiscal year beginning July 1, 2004 and ending June 30, 2005 is calculated as follows:

	2004-05 TOTAL	2004-05 STATE
ADJUSTED DEBT SERVICE ALLOCATION TOTAL	\$82,956,901	\$59,216,433
	2004-05 TOTAL	2004-05 STATE
COMBINED ADJUSTED FOUNDATION AND ADJUSTED DEBT SERVICE ALLOCATIONS TOTAL	\$1,470,239,914	\$720,074,924

Sec. B-12. Adjustments and miscellaneous costs allocation. Notwithstanding any other provision of law, the adjustments and miscellaneous costs allocation of state funds for fiscal year 2004-05 for the purposes listed in this section is as follows:

	2004-05 TOTAL
Adjustments and Miscellaneous Costs	
Cost of geographic isolation adjustments	\$489,904
Cost of quality incentive adjustments	0
Audit adjustments	0
Cost of reimbursement for private school Services	203,031
Special education tuition and board for state wards and other pupils placed directly by the State	11,231,613
State agency clients	25,839,830
English as a second language	2,129,818
Out-of-district placements	2,981,064
Long-term drug treatment centers	166,392

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2	Maine Education Policy Research Institute	150,000
4	Essential Programs and Services Contract	75,000
6	Carpenter bus loan	550,000
8	Regionalization/consolidation/efficiency assistance	125,000
10	Learning results accountability	250,000
12	Learning results implementation and assessment	1,112,000
14	Total Adjustments	<u>\$45,303,652</u>

16 **Sec. B-13. Adjustments and miscellaneous costs appropriation.**
 18 Notwithstanding any other provision of law, the adjustments and
 20 miscellaneous costs appropriation provided for general purpose
 22 aid for local schools for the fiscal year beginning July 1, 2004
 24 and ending June 30, 2005 is calculated as follows:

	2004-05 TOTAL	2004-05 STATE
26 ADJUSTMENTS AND MISCELLANEOUS COSTS		
TOTAL	\$45,303,652	\$45,303,652
28 FOUNDATION, DEBT SERVICE AND		
ADJUSTMENTS AND MISCELLANEOUS COSTS		
30 TOTAL	\$1,515,543,566	\$765,378,576

32 **Sec. B-14. Limit of State's obligation.** If the State's continued
 34 obligation for any individual program contained in sections 4, 7,
 36 8, 11, 12 and 13 of this Part exceeds the level of funding
 38 provided for that program, any unexpended balances occurring in
 40 other programs may be applied to avoid proration of payments for
 any individual program. Any unexpended balances from sections 4,
 7, 8, 11, 12 and 13 of this Part may not lapse but must be
 carried forward for the same purposes.

42 **Sec. B-15. Authorization of payments.** Sections 1 to 14 of this
 44 Part may not be construed to require the State to provide
 46 payments that exceed the appropriation of funds for general
 purpose aid for local schools for the fiscal year beginning July
 1, 2004 and ending June 30, 2005.

48 **Sec. B-16. Component funding.** In accordance with the Maine
 Revised Statutes, Title 20-A, section 15607, subsection 3,

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component funding within general purpose aid for local schools for the fiscal year 2004-05 is as follows:

	2004-05
Foundation (including Minimum State Subsidy)	\$660,858,491
Debt Service	59,216,433
Adjustments	45,303,652
	<hr/>
TOTAL	\$765,378,576

Sec. B-17. General purpose aid for local schools; fiscal year 2003-04 balances. Notwithstanding any other provision of law, the total amount of funds available in the General Purpose Aid for Local Schools program in this Part to be distributed to school administrative units in fiscal year 2004-05 includes \$5,050,000 in funds carried forward from fiscal year 2003-04.

Sec. B-18. Appropriations and allocations. The following appropriations and allocations are made.

EDUCATION, DEPARTMENT OF

General Purpose Aid for Local Schools 0308

Initiative: Provides additional funds for the General Purpose Aid for Local Schools program.

General Fund	2003-04	2004-05
All Other	\$0	\$25,000,000

PART C

Sec. C-1. 36 MRSA §4365, as amended by PL 2001, c. 439, Pt. SSSS, §1, and affected by §4, is further amended to read:

§4365. Rate of tax

A tax is imposed on all cigarettes imported into this State or held in this State by any person for sale at the rate of 47 75 mills for each cigarette. Payment of the tax is evidenced by the affixing of stamps to the packages containing the cigarettes. If an individual purchases in any one month unstamped packages containing cigarettes in a quantity greater than 2 cartons from a person other than a licensed distributor or dealer, the tax may be assessed directly against the purchaser by the State Tax Assessor within 3 years from the date of the purchase.

Sec. C-2. 36 MRSA §4365-F is enacted to read:

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§4365-F. Application of cigarette tax rate increase effective August 1, 2004

The following provisions apply to cigarettes held for resale on August 1, 2004.

1. Stamped rate. Cigarettes stamped at the rate of 50 mills per cigarette and held for resale after July 31, 2004 are subject to tax at the rate of 75 mills per cigarette.

2. Liability. A person possessing cigarettes for resale is liable for the difference between the tax rate of 75 mills per cigarette and the tax rate of 50 mills per cigarette in effect before August 1, 2004. Stamps indicating payment of the tax imposed by this section must be affixed to all packages of cigarettes held for resale as of August 1, 2004, except that cigarettes held in vending machines as of that date do not require that stamp.

3. Vending machines. Notwithstanding any other provision of this chapter, it is presumed that all cigarette vending machines are filled to capacity on August 1, 2004 and that the tax imposed by this section must be reported on that basis. A credit against this inventory tax must be allowed for cigarettes stamped at the rate of 75 mills per cigarette placed in vending machines before August 1, 2004.

4. Payment. Payment of the tax imposed by this section must be made to the State Tax Assessor in equal monthly installments by June 30, 2005, accompanied by forms prescribed by the assessor.

Sec. C-3. 36 MRS §4366-D, as enacted by PL 2001, c. 450, Pt. D, §1, is repealed.

PART D

Sec. D-1. 36 MRS §1811, first ¶, as amended by PL 2001, c. 439, Pt. TTTT, §2 and affected by §3, is further amended to read:

A tax is imposed on the value of all tangible personal property and taxable services sold at retail in this State. The rate of tax is 7% ~~10%~~ on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43; 7% on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp; 10% on the value of rental for a period of less than one year of an automobile; 7% on the value of prepared food;

and 5% on the value of all other tangible personal property and taxable services. Value is measured by the sale price, except as otherwise provided.

PART E

Sec. E-1. 36 MRSA §4403, sub-§§1 and 2, as amended by PL 1989, c. 588, Pt. D, §4, are repealed and the following enacted in their place:

1. Smokeless tobacco. A tax is imposed on all smokeless tobacco, including chewing tobacco and snuff, at the rate of 75% of the wholesale sales price.

2. Other tobacco. A tax is imposed on cigars, pipe tobacco and other tobacco intended for smoking at the following rates:

A. For cigars, the tax is 20% of the wholesale sales price; and

B. For pipe tobacco and other tobacco intended for smoking, the tax is 100% of the wholesale sales price.

Sec. E-2. Application. That section of this Part that repeals and replaces the Maine Revised Statutes, Title 36, section 4403, subsections 1 and 2 applies to wholesale sales on or after August 1, 2004.

PART F

Sec. F-1. 28-A MRSA §1652, sub-§1, as repealed and replaced by PL 1987, c. 342, §116, is amended to read:

1. Excise tax on malt liquor. An excise tax is imposed on the privilege of manufacturing and selling malt liquor in the State. The Maine manufacturer or importing wholesale licensee shall pay an excise tax of 25¢ 50¢ per gallon on all malt liquor sold in the State.

Sec. F-2. 28-A MRSA §1652, sub-§2, as amended by PL 1997, c. 767, §4, is further amended to read:

2. Excise tax on wine; hard cider. An excise tax is imposed on the privilege of manufacturing and selling wine in the State. The Maine manufacturer or importing wholesale licensee shall pay an excise tax of 30¢ 90¢ per gallon on all wine other than sparkling wine manufactured in or imported into the State, ~~§1~~ \$2.50 per gallon on all sparkling wine manufactured in or

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imported into the State and 25¢ 75¢ per gallon on all hard cider manufactured in or imported into the State.

PART G

Sec. G-1. 30-A MRSA c. 3, sub-c. 3 is enacted to read:

SUBCHAPTER 3

COUNTY APPROPRIATION LIMITATION

§981. County appropriation limitations

Notwithstanding the other provisions of this chapter, the following limitations apply to a county services appropriation for county fiscal years that begin on or after January 1, 2005.

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "County budget authority" means a body with authority to adopt a county budget under this chapter.

B. "County services appropriation" means the total amount of money raised and appropriated to pay for services, programs and public debt that is included in a county's annual budget but does not include any grant or subsidy that the county receives from the Federal Government.

C. "Exceptional circumstances" means an unforeseen condition or conditions over which the county budget authority has little or no control and does not mean new programs or program expansions that go beyond existing program criteria and operations.

2. Appropriation limitation. The total county services appropriation for each fiscal year of a county may not exceed the county services appropriation of the previous fiscal year multiplied by the limitation on the total General Fund appropriation described in Title 5, section 1664.

3. Exceptional circumstances. The amount derived under subsection 2 may be exceeded only by the amount of additional costs or the lost revenue from the following exceptional circumstances:

A. Unfunded or underfunded new state or federal mandates;

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B. Losses in state or federal revenues or other revenue sources;

C. Citizens' initiatives or referenda that require increased county spending;

D. Court orders or decrees that require additional county resources to comply with the orders or decrees; or

E. Sudden or significant increases in demand for existing county services that are not the result of county budget authority actions that increase eligibility or increase benefits.

In addition, the county budget authority may designate exceptional circumstances that are not explicitly described in paragraphs A to E but meet the intent of this section.

Sec. G-2. 30-A MRSA §5721-A is enacted to read:

§5721-A. Municipal appropriation limitations

The following limitations apply to a municipality's appropriations for fiscal years that begin on or after January 1, 2005.

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Exceptional circumstances" means an unforeseen condition or conditions over which the municipal legislative body has little or no control and does not mean new programs or program expansions that go beyond existing program criteria and operations.

B. "Municipal services appropriation" means the total amount of money raised and appropriated to pay for services, programs and public debt that is included in a municipality's annual budget but does not include local costs for public education from kindergarten to grade 12, assessments made to support general municipal government and any grant or subsidy that the municipality receives from the Federal Government.

2. Appropriation limitation. The total municipal services appropriation for each fiscal year of a municipality may not exceed the municipal services appropriation of the previous fiscal year multiplied by the limitation on the total General Fund appropriation described in Title 5, section 1664.

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3. Exceptional circumstances. The amount derived under subsection 2 may be exceeded only by the amount of additional costs or the lost revenue from the following exceptional circumstances:

- A. Unfunded or underfunded new state or federal mandates;
- B. Losses in state or federal revenues or other revenue sources, except losses in revenue under subsection 4;
- C. Citizens' initiatives or referenda that require increased municipal spending;
- D. Court orders or decrees that require additional municipal resources to comply with the orders or decrees; or
- E. Sudden or significant increases in demand for existing municipal services that are not the result of municipal legislative body actions that increase eligibility or increase benefits.

In addition, the municipal legislative body may designate exceptional circumstances that are not explicitly described in paragraphs A to E but meet the intent of this section.

4. Revenue-sharing deduction. If a municipality's spending exceeds the amount derived under subsections 2 and 3 due to circumstances that are not exceptional as established in subsection 3, its share of distributions under section 5681, subsections 4-A and 4-B must be reduced in the following manner:

- A. The Department of Audit shall declare the amount by which the municipality has exceeded the amount derived under subsection 2 and shall determine what the property tax burden of the municipality would be without the exceeding of the amount derived under subsections 2 and 3;
- B. The Department of Audit shall report the property tax burden determination under paragraph A to the Treasurer of State; and
- C. The Treasurer of State shall use the property tax burden amount reported under paragraph B to determine the amount to be disbursed to the municipality under section 5681, subsections 4-A and 4-B.

5. Procedures. The Department of Audit and the Treasurer of State shall establish procedures and may adopt rules to implement the requirements of this section. Rules adopted under

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this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A. The Department of Audit and the Treasurer of State may present legislation to the First Regular Session of the 122nd Legislature by February 1, 2005 if considered necessary to implement this section.

Sec. G-3. 30-A MRSA §5823, sub-§3, ¶A, as amended by PL 2003, c. 178, §5, is further amended to read:

A. The report must contain the following items:

- (1) A management letter, if applicable;
- (2) A letter of transmittal;
- (3) The independent auditor's report on the financial statements; and
- (4) All financial statements and all other information required by governmental accounting and financial reporting standards; and

(5) A statement of:

(a) Whether the municipality has exceeded the amount derived under section 5721-A, subsection 2 due to circumstances that are not exceptional as described in section 5721-A, subsection 3, if applicable; and

(b) If the amount derived under section 5721-A, subsection 2 has been exceeded as described in division (a), a calculation of the amount by which the municipality has exceeded that amount.

Sec. G-4. 30-A MRSA §5823, sub-§3, ¶B, as amended by PL 1997, c. 142, §2, is further amended to read:

B. Within 30 days after the postaudit is completed, the auditor shall send to the State Auditor:

- (1) A certified copy of the postaudit report, excluding the management letter; and
- (2) A certified copy of the audit procedural form prescribed by the State Auditor for governmental audits; and

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(3) A copy of the municipality's or quasi-municipal corporation's approved official budget for the year audited.

PART H

Sec. H-1. 36 MRSA §683, sub-§1, as repealed and replaced by PL 2003, c. 20, Pt. BB, §1 and affected by §3, is repealed.

Sec. H-2. 36 MRSA §683, sub-§1-A, as enacted by PL 2003, c. 20, Pt. BB, §2 and affected by §3, is repealed.

Sec. H-3. 36 MRSA §683, sub-§§1-B and 1-C are enacted to read:

1-B. Exemption amount; property tax year 2004. For property tax year 2004, the estate up to the just value of \$10,000 for persons who are 65 years of age or older and \$7,000 for all other persons of the homestead of a permanent resident of this State who has owned a homestead in this State for the preceding 12 months is exempt from taxation except for assessments for special benefits. In determining the local assessed value of the exemption, the assessor shall multiply the amount of the exemption by the ratio of current just value upon which the assessment is based as furnished in the assessor's annual return pursuant to section 383. If the title to a homestead is held by the applicant jointly or in common with others, the exemption may not exceed \$10,000 of the just value of the homestead for persons who are 65 years of age or older and \$7,000 of the just value of the homestead for all other persons but may be apportioned among the owners who reside on the property to the extent of their respective interests. A municipality responsible for administering the homestead exemption has no obligation to create a separate account for each partial interest in a homestead owned jointly or in common. The exemption provided under this subsection is limited to claimants whose Maine adjusted gross income, as defined in section 5102, subsection 1-C, is \$125,000 or less.

1-C. Exemption amount; property tax year 2005 and later. For property tax years beginning in 2005 and later, the estate up to the just value of \$15,000 for persons who are 65 years of age or older and \$10,000 for all other persons of the homestead of a permanent resident of this State who has owned a homestead in this State for the preceding 12 months is exempt from taxation except for assessments for special benefits. In determining the local assessed value of the exemption, the assessor shall multiply the amount of the exemption by the ratio of current just value upon which the assessment is based as furnished in the

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2 assessor's annual return pursuant to section 383. If the title
3 to a homestead is held by the applicant jointly or in common with
4 others, the exemption may not exceed \$10,000 of the just value of
5 the homestead for persons who are 65 years of age or older and
6 \$7,000 of the just value of the homestead for all other persons
7 but may be apportioned among the owners who reside on the
8 property to the extent of their respective interests. A
9 municipality responsible for administering the homestead
10 exemption has no obligation to create a separate account for each
11 partial interest in a homestead owned jointly or in common. The
12 exemption provided under this subsection is limited to claimants
13 whose Maine adjusted gross income, as defined in section 5102,
14 subsection 1-C, is \$125,000 or less.

15 **Sec. H-4. Application.** This Part applies to property tax
16 valuations based on the status of property on or after April 1,
17 2004.

18 **Sec. H-5. Appropriations and allocations.** The following
19 appropriations and allocations are made.

20 **ADMINISTRATIVE AND FINANCIAL**
21 **SERVICES, DEPARTMENT OF**

22 **Homestead Property Tax Exemption Reimbursement**

23 Initiative: Provides funding for the additional costs associated
24 with the changes to the homestead property tax exemption in this
25 Part.

26	General Fund	2003-04	2004-05
27	All Other	\$0	\$6,174,798
28		<hr/>	<hr/>
29	General Fund Total	\$0	\$6,174,798

30 **Homestead Property Tax Exemption - Mandate Reimbursement**

31 Initiative: Provides funding for the estimated additional local
32 costs to implement the changes in the homestead property tax
33 exemption in this Part.

34	General Fund	2003-04	2004-05
35	All Other	\$0	\$645,800
36		<hr/>	<hr/>
37	General Fund Total	\$0	\$645,800

38 **ADMINISTRATIVE AND FINANCIAL**
39 **SERVICES, DEPARTMENT OF**
40 **DEPARTMENT TOTALS**

41		2003-04	2004-05
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11.01.03

2	GENERAL FUND	\$0	\$6,820,598
4	DEPARTMENT TOTAL - ALL FUNDS	\$0	\$6,820,598

6 **Sec. H-6. Retroactivity.** This Part applies retroactively to
 8 April 1, 2004. Any actions by municipalities to comply with this
 Part that are taken before the effective date of this Part are
 valid.'

10

SUMMARY

12

14 This amendment provides comprehensive property tax relief
 through the following measures.

16 Part A expands the Maine Residents Property Tax Program by
 18 expanding the income eligibility, increasing the maximum benefit
 to \$1,500 beginning in 2005 and increasing the percentage of
 20 income constituting property taxes for nonelderly households from
 18% to 20%. Part A also adds an appropriations and allocations
 section.

22 Part B provides an appropriation to general purpose aid for
 24 local schools of \$25,000,000 in fiscal year 2004-05 and makes
 adjustments to school funding factors to account for the increase.

26 Part C increases the cigarette tax by 50¢ per pack of 20
 28 cigarettes.

30 Part D increases the sales tax on liquor sold in licensed
 establishments from 7% to 10%.

32 Part E increases the tax on smokeless tobacco from 62% to
 34 75% of the wholesale price, the tax on cigars from 16% to 20% and
 the tax on other smoking tobacco from 16% to 100%.

36 Part F increases taxes on beer, still wine, sparkling wine
 38 and hard cider.

40 Part G establishes limitations on county and municipal
 spending.


42 Part H increases the homestead property tax exemption to
 44 \$10,000 for homeowners 65 years of age and older and \$7,000 for
 all other homeowners in 2004 and \$15,000 for homeowners 65 years
 46 of age or older and \$10,000 for all other homeowners in 2005.
 The exemption is limited to claimants with Maine adjusted gross

HOUSE AMENDMENT

HOUSE AMENDMENT " " to H.P. 1347, L.D. 1824

income of \$125,000 or less. Part H also adds an appropriations
and allocations section.

FISCAL NOTE REQUIRED
(See attached)

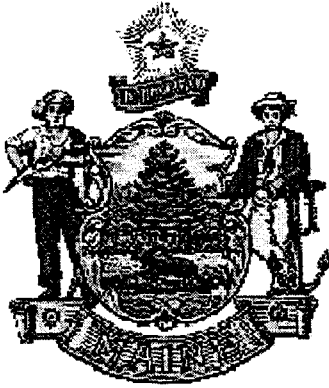
SPONSORED BY: 
(Speaker COLWELL)

TOWN: Gardiner

**121st Maine Legislature
Office of Fiscal and Program Review**

LD 1824

An Act To Provide Property Tax Relief to Maine Homeowners



LR 2194(02)

Fiscal Note for House Amendment " "

Sponsor: Speaker Colwell

Fiscal Note Required: Yes

Fiscal Note

	2003-04	2004-05	Projections 2005-06	Projections 2006-07
Net Cost (Savings)				
General Fund	\$0	(\$2,991,797)	\$2,090,124	\$4,735,374
Appropriations/Allocations				
General Fund	\$0	\$31,964,165	\$30,770,185	\$31,727,669
Revenue				
General Fund	\$0	\$34,955,962	\$28,680,061	\$26,992,295
Other Special Revenue Funds	\$0	(\$383,625)	(\$1,419,421)	(\$1,527,668)

Fiscal Detail and Notes

	2003-04	2004-05	Projections 2005-06	Projections 2006-07
General Fund Appropriations				
Part A - Administrative costs - Revenue Services		\$143,567	\$160,852	\$155,277
Part B - General Purpose Aid for Local Schools		\$25,000,000	\$0	\$0
Part H - Homestead Exemption Costs		\$6,174,798	\$29,963,533	\$30,926,592
Part H - Homestead State Mandate Costs		\$645,800	\$645,800	\$645,800
Total General Fund Appropriations	\$0	\$31,964,165	\$30,770,185	\$31,727,669

	2003-04	2004-05	2005-06	2006-07
General Fund Revenue				
Part A - Maine Residents Property Tax Program		(\$11,750,532)	(\$22,880,436)	(\$24,596,469)
Part C - Cigarette Tax Increase - Cigarette Tax		\$32,578,000	\$35,400,000	\$35,200,000
Part C - Cigarette Tax Increase - Sales Tax		\$649,990	\$707,113	\$716,126
Part D - Liquor Sold in Licensed Establishments - Sales Tax		\$3,662,001	\$4,803,259	\$5,001,190
Part E - Tobacco Products Tax Inc. - Tobacco Products Tax		\$1,073,048	\$1,195,516	\$1,225,404
Part E - Tobacco Products Tax Inc. - Sales Tax		\$46,843	\$56,667	\$58,084
Part F - Excise Tax - Beer and Wine - Excise Tax		\$8,443,331	\$9,210,906	\$9,210,906
Part F - Excise Tax - Beer and Wine - Sales Tax		\$368,585	\$436,597	\$436,597
Part H - Homestead impact on individual income tax		(\$115,304)	(\$249,561)	(\$259,543)
Total General Fund Revenue	\$0	\$34,955,962	\$28,680,061	\$26,992,295

Revenue - Local Government Fund/Disproportionate Tax Burden Fund

Part A - Maine Residents Property Tax Program		(\$631,483)	(\$1,255,045)	(\$1,349,173)
Part C - Cigarette Tax Increase - Sales Tax		\$34,931	\$38,787	\$39,281
Part D - Liquor Sold in Licensed Establishments - Sales Tax		\$196,799	\$263,470	\$274,327
Part E - Tobacco Products Tax Inc. - Sales Tax		\$2,517	\$3,108	\$3,186
Part F - Excise Tax - Beer and Wine - Sales Tax		\$19,808	\$23,948	\$23,948
Part H - Homestead impact on individual income tax		(\$6,197)	(\$13,689)	(\$14,237)
Net Increase (Decrease)	\$0	(\$383,625)	(\$939,421)	(\$1,022,668)

Revenue - Tourism Marketing Fund

Part D - Liquor Sold in Licensed Establishments - Sales Tax		\$0	(\$480,000)	(\$505,000)
Net Increase (Decrease)	\$0	\$0	(\$480,000)	(\$505,000)

Conflicts with LD 1919 - 2004-2005 Supplemental Budget Bill

The estimates included in this fiscal note reflect the impact of the bill as amended by this amendment and attempt to anticipate the interaction effects of this bill as amended and LD 1919, the 2004-2005 Supplemental Budget Bill, as amended by Committee Amendment "A".

This bill does not reflect the deappropriation in fiscal year 2004-05 as a result of the change of the treatment of the Maine Residents Property Tax Program (or "circuit breaker" program) as reductions of individual income tax revenue rather than a General Fund appropriation because that deappropriation is included in LD 1919. If LD 1919 is not enacted, a deappropriation from the Maine Residents Property Tax Program will be required and the amount of the net change to General Fund revenue and the transfers to the Local Government Fund/Disproportionate Tax Burden Fund will be increased.

The General Purpose Aid for Local Schools statutory changes and language establishing the fiscal year 2004-05 distribution to municipalities assume that the additional \$15 million provided in LD 1919 Part N is also appropriated. If the amounts in LD 1919 are changed, the amounts included in this bill and the statutory and other language establishing the distribution will need to be revised accordingly.