

# MAINE STATE LEGISLATURE

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DATE: 4-29-04

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

HOUSE AMENDMENT "D" 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:

Sec. 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

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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;
- 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. 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.

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

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

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

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

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

27 A. Unfunded or underfunded new state or federal mandates;

28 B. Losses in state or federal revenues or other revenue  
29 sources, except losses in revenue under subsection 4;

30 C. Citizens' initiatives or referenda that require  
31 increased municipal spending;

32 D. Court orders or decrees that require additional  
33 municipal resources to comply with the orders or decrees; or

34 E. Sudden or significant increases in demand for existing  
35 municipal services that are not the result of municipal  
36 legislative body actions that increase eligibility or  
37 increase benefits.

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

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

7 A. The Department of Audit shall declare the amount by  
8 which the municipality has exceeded the amount derived under  
9 subsection 2 and shall determine what the property tax  
10 burden of the municipality would be without the exceeding of  
11 the amount derived under subsections 2 and 3;

12 B. The Department of Audit shall report the property tax  
13 burden determination under paragraph A to the Treasurer of  
14 State; and

15 C. The Treasurer of State shall use the property tax burden  
16 amount reported under paragraph B to determine the amount to  
17 be disbursed to the municipality under section 5681,  
18 subsections 4-A and 4-B.

19 5. Procedures. The Department of Audit and the Treasurer  
20 of State shall establish procedures and may adopt rules to  
21 implement the requirements of this section. Rules adopted under  
22 this subsection are routine technical rules as defined in Title  
23 5, chapter 375, subchapter 2-A. The Department of Audit and the  
24 Treasurer of State may present legislation to the First Regular  
25 Session of the 122nd Legislature by February 1, 2005 if  
26 considered necessary to implement this section.

27 Sec. 3. 30-A MRSA §5823, sub-§3, ¶A, as amended by PL 2003, c.  
28 178, §5, is further amended to read:

29 A. The report must contain the following items:

30 (1) A management letter, if applicable;

31 (2) A letter of transmittal;

32 (3) The independent auditor's report on the financial  
33 statements; and

34 (4) All financial statements and all other  
35 information required by governmental accounting and  
36 financial reporting standards; and

37 (5) A statement of:

38 (a) Whether the municipality has exceeded the  
39 amount derived under section 5721-A, subsection 2  
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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. 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

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

**SUMMARY**

This amendment establishes limitations on county and municipal spending.

SPONSORED BY:   
(Representative J. RICHARDSON)

TOWN: Brunswick

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



**LD 1824  
An Act To Provide Property Tax Relief to Maine Homeowners**

**LR 2194(07)  
Fiscal Note for House Amendment " "  
Sponsor: Rep. Richardson  
Fiscal Note Required: Yes**

**Fiscal Note**

	<b>2003-04</b>	<b>2004-05</b>	<b>Projections 2005-06</b>	<b>Projections 2006-07</b>
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$0	\$40,000	\$80,000
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$0	\$40,000	\$80,000

**Fiscal Detail and Notes**

This bill provides a cap on growth for municipal budgets and applies to municipalities' appropriations for fiscal year 2005-06 and thereafter. The Department of Audit will require an additional Auditor III position beginning in fiscal year 2005-06 to handle this new responsibility of determining municipal compliance with the appropriation limitation process specified in 30-A MRSA §5721-A. The estimated cost in fiscal year 2005-06 is \$40,000 and \$80,000 in fiscal year 2006-07. The additional computer programming costs associated with the requirement to reduce a municipality's share of state revenue sharing when a municipality exceeds its budget cap can be absorbed by the Treasurer of the State utilizing the resources of the Local Government Fund.