

MAINE STATE LEGISLATURE

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LONG
ROD'S

L.D. 1713

Date: 6/17/19

Majority

(Filing No. H-620)

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
129TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1223, L.D. 1713, Bill, "An Act To Return Funds to Maine Property Tax Payers"

Amend the bill in section 1 in §1518-A in subsection 1 in the last line (page 1, line 11 in L.D.) by inserting after the following: "subsection 1-B" the following: 'and pay the costs of the Treasurer of State for administering relief payments under this section'

Amend the bill in section 1 in §1518-A by striking out all of subsection 1-A (page 1, lines 12 to 32 in L.D.) and inserting the following:

1-A. Implementation. By ~~September 1, 2016~~ November 1, 2019 and annually thereafter, the State Controller shall inform the ~~State Tax Assessor~~ Treasurer of State of the amount available in the fund for the purposes of subsection 1.

~~A. By November 1st annually, the State Tax Assessor shall calculate the amount by which the income tax rates under Title 36, section 5111, subsections 1-F, 2-F and 3-F may be reduced during the subsequent tax year using the amount available from the fund. Bracket rate reductions must be a minimum of 0.2 percentage points in the first year in which reductions are made and a minimum of 0.1 percentage points in subsequent years. If sufficient funds are not available to pay for the minimum reduction, a rate reduction may not be made until the amount in the fund is sufficient to pay for the reduction. When the amount is sufficient to pay for the reduction, the reduction must first be applied equally to each bracket under Title 36, section 5111, subsections 1-F, 2-F and 3-F until the lower bracket reaches 4%. Funds available from the fund in subsequent years must be applied to reduce the higher bracket rates until there is a single bracket with a rate of 4%, after which future tax relief may be identified.~~

~~B. The State Tax Assessor shall provide public notice of new bracket rates calculated under this subsection by November 15th annually.~~

~~C. New bracket rates calculated under this subsection apply beginning with tax years that begin on or after January 1st of the calendar year following the determinations made under this subsection.'~~

COMMITTEE AMENDMENT

R O F S

1 Amend the bill in section 1 in §1518-A in subsection 1-B by striking out all of
2 paragraphs B to D (page 2, lines 5 to 20 in L.D.) and inserting the following:

3 'B. By November 15, 2019 and annually thereafter, the Treasurer of State shall
4 determine whether the amount available in the fund is sufficient to make a relief
5 payment of at least \$100 to the property tax payer for each homestead in the State, to
6 pay for the Treasurer of State's costs in administering relief payments and to make
7 state payments to municipalities for costs related to relief payments pursuant to a
8 mandate under the Constitution of Maine, Article IX, Section 21. If the amount
9 available in the fund is sufficient to make a relief payment of at least \$100 to the
10 property tax payer for each homestead in the State, to pay for the Treasurer of State's
11 costs in administering relief payments and to make state payments to municipalities
12 for costs related to relief payments pursuant to a mandate under the Constitution of
13 Maine, Article IX, Section 21, the Treasurer of State shall direct the assessor for each
14 municipality and the State Tax Assessor for the unorganized territory to report to the
15 Treasurer of State by the following January 1st the name and address of the property
16 tax payer for each homestead within the assessor's jurisdiction.

17 C. Using the data provided pursuant to paragraph B, the Treasurer of State shall
18 determine the amount of relief payment each property tax payer is entitled to by
19 dividing the amount of the funds available in the fund, after subtraction of the
20 Treasurer of State's costs in administering relief payments and making state payments
21 to municipalities for mandate costs, by the total number of homesteads in the State.

22 D. By March 1st in any year in which the Treasurer of State determines under
23 paragraph C that the relief payment to each property tax payer for a homestead equals
24 or exceeds \$100, the Treasurer of State shall make the relief payment determined
25 under paragraph C by mail to the property tax payer at the address provided to the
26 Treasurer of State under paragraph B or by any other effective means. Funds for the
27 relief payments must come from the fund. The Treasurer of State shall certify
28 annually to the State Controller the total cost of relief payments made under this
29 section, the total costs to the Treasurer of State in administering this section and the
30 total costs to make state payments to municipalities for costs related to relief
31 payments pursuant to a mandate under the Constitution of Maine, Article IX, Section
32 21. The State Controller shall transfer those amounts from the fund to the Property
33 Tax Relief Program, an Other Special Revenue Funds account in the Office of the
34 Treasurer of State, to cover the cost of relief payments, the costs of the Treasurer of
35 State in administering this section and the cost to make state payments to
36 municipalities for costs related to relief payments pursuant to mandates under the
37 Constitution of Maine, Article IX, Section 21.'

38 Amend the bill in section 1 in §1518-A in subsection 5 in the first line (page 2, line
39 35 in L.D.) by striking out the following: "January 2, 2020" and inserting the following:
40 "March 10, 2020"

41 Amend the bill by inserting after section 3 the following:

42 **'Sec. 4. Appropriations and allocations.** The following appropriations and
43 allocations are made.

44 **TREASURER OF STATE, OFFICE OF**

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1 **Property Tax Relief Fund for Maine Residents N334**
2 Initiative: Allocates funds for printing and postage costs to mail property tax relief
3 payments.

4	OTHER SPECIAL REVENUE FUNDS	2019-20	2020-21
5	All Other	\$186,000	\$186,000
6			
7	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$186,000</u>	<u>\$186,000</u>

8 **Property Tax Relief Fund for Maine Residents N334**
9 Initiative: Allocates funds to reimburse municipalities for the mandated cost of making
10 property tax relief payments.

11	OTHER SPECIAL REVENUE FUNDS	2019-20	2020-21
12	All Other	\$20,000	\$20,000
13			
14	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$20,000</u>	<u>\$20,000</u>

15 **Property Tax Relief Fund for Maine Residents N334**
16 Initiative: Provides funding for a base allocation for the distribution of property tax relief
17 payments.

18	OTHER SPECIAL REVENUE FUNDS	2019-20	2020-21
19	All Other	\$500	\$500
20			
21	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$500</u>	<u>\$500</u>

22	TREASURER OF STATE, OFFICE OF		
23	DEPARTMENT TOTALS	2019-20	2020-21
24			
25	OTHER SPECIAL REVENUE FUNDS	\$206,500	\$206,500
26			
27	DEPARTMENT TOTAL - ALL FUNDS	<u>\$206,500</u>	<u>\$206,500</u>
28			

29 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
30 section number to read consecutively.

31 **SUMMARY**

32 This amendment changes the responsibility for calculating property tax relief
33 payments from the State Tax Assessor to the Treasurer of State and changes dates for
34 steps in the process of calculating and making relief payments. The amendment also

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1 provides that the Treasurer of State's costs in administering relief payments and in
2 making state payments to municipalities for mandate costs are also paid from the
3 Property Tax Relief Fund for Maine Residents and it adds an appropriations and
4 allocations section.

FISCAL NOTE REQUIRED

(See attached)

5
6

COMMITTEE AMENDMENT



Approved: 06/14/19 *MAC*

129th MAINE LEGISLATURE

LD 1713

LR 2496(02)

An Act To Return Funds to Maine Property Tax Payers

Fiscal Note for Bill as Amended by Committee Amendment *A(H-620)*

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

State Mandate - Funded

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Appropriations/Allocations				
Other Special Revenue Funds	\$206,500	\$206,500	\$206,500	\$206,500

State Mandates

Required Activity

Requires the assessors to send a list of names and addresses of each property tax payer for each homestead.

Unit Affected

Municipality

Local Cost

\$20,000

The required local activities in this bill may represent a state mandate pursuant to the Constitution of Maine. If the bill does require a local unit of government to expand or modify its activities so as to necessitate additional expenditures from local revenue, the state mandate provisions of the Constitution of Maine require either: (1) General Fund appropriations be provided to fund at least 90% of any additional necessitated local costs of the mandate; or (2) a Mandate Preamble be added to the bill and two-thirds of the members of each House vote to exempt the mandate from the funding requirement. If the bill does represent a state mandate and neither one of these actions occurs, the local units of government will not be required to implement the mandated activities.

Fiscal Detail and Notes

The bill replaces the Tax Relief Fund for Maine Residents with the Property Tax Relief Fund for Maine Residents. As with the legacy Tax Relief Fund, the new Property Tax Relief Fund will be funded annually through the so-called "cascade", receiving 20% of the unappropriated surplus of the General Fund after all required deductions are made. Payments will be made to residents of the State whose residence qualifies for an exemption under the Maine homestead property tax exemption. The amount of the tax relief payment will be determined annually by dividing the total amount of funds available in the new Property Tax Relief Fund (net of administrative costs) by the number of homesteads that qualify for the Maine homestead property tax exemption. If that amount is at least \$100 per homestead, the Treasurer will mail tax relief checks to each qualifying homestead.

Assuming an estimated 305,500 homesteads in Maine, in order to trigger payments to property tax payers and to cover administrative costs, there would need to be approximately \$30,800,000 in the Fund. As of the end of May 2019, there was \$28,442,633 in the legacy Tax Relief Fund. This amount will likely be augmented at the close of fiscal year 2018-19 from distributions from the "cascade". The amount of any additional "cascade" distributions is not known at this time, therefore it is not known whether and when sufficient funds will be available in the Property Tax Relief Fund to make property tax relief payments to property tax payers.

The bill includes ongoing Other Special Revenue Funds allocations of \$500 beginning in fiscal year 2019-20 in the event that property tax relief payments are made. The bill also includes ongoing Other Special Revenue Funds allocations to the fund of \$186,000 beginning in fiscal year 2019-20 for the Office of Treasurer of State for printing and postage costs to mail property tax relief payments. Additionally, it also includes ongoing Other Special Revenue Funds allocations of \$20,000 beginning in fiscal year 2019-20 for the Office of Treasurer of State to reimburse municipalities for the mandated administrative costs of making relief payments.