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*Me. Const., Art. IV, Part 3, Sec. 18
Taxes: Repeal of Uniform Property Tax
36 M.R.S.A. § 451(2)*

JOSEPH E. BRENNAN
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STATE OF MAINE
DEPARTMENT OF THE ATTORNEY GENERAL
AUGUSTA, MAINE 04333
October 22, 1976

Honorable Bonnie D. Post
Owls Head
Maine 04841

Re: Initiative Petition - Repeal of Uniform Property Tax

Dear Representative Post:

This responds to your recent opinion request posing an additional question relating to the aforementioned subject.

FACTS:

A direct initiative petition containing a bill entitled "An Act to Repeal the State Property Tax" is presently being circulated under the provisions of Article IV, Part 3, Section 18 of the Maine Constitution. Section 3 of this bill would repeal 36 M.R.S.A. § 451(2) as enacted by P.L. 1975, C. 660, § 5. Section 451(2) establishes the Uniform Property Tax rate at "13 mills for the period beginning July 1, 1975, and ending June 30, 1977, and 12.5 mills thereafter."

In an opinion request dated September 2, 1976, you asked three questions relating to this petition. This office responded to your request in an opinion dated September 21, 1976. One supplementary question is now asked concerning the effect of this initiative petition. This supplementary opinion should be read in conjunction with our opinion of September 21, 1976, a copy of which is attached hereto (see Appendix A).

QUESTION:

If the bill contained in the petition is presented to the Regular Session of the 108th Legislature as the result of this initiative, is the Legislature in that session prohibited by the Constitution from changing the mill rate of the uniform property tax for a period beginning July 1, 1977, and terminating June 30, 1978?

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ANSWER:

If the bill contained in the petition is presented to the Regular Session of the 108th Legislature as the result of this initiative, the Legislature in that session will not be prohibited by the Constitution from changing the mill rate of the uniform property tax for a period beginning July 1, 1977 and terminating June 30, 1978, so long as the bill contained in the initiative petition is not submitted to the electorate so that it could be effective prior to July 1, 1977.*

REASONING:

In a letter dated September 2, 1976, you requested answers from this office to three questions concerning this initiative petition. In answer to your third question, concerning the prospective or retrospective application of the bill contained in the petition, this office concluded as follows:

"If the bill contained in the initiative petition is either enacted by the Legislature so that it is effective after July 1, 1977, or passed by the electors and proclaimed by the Governor after July 1, 1977, the repeal of the levying and collections of the uniform property tax will not be effective until the fiscal year beginning July 1, 1978. The initiative measure would have a prospective application."

In your second question contained in your opinion request of September 2, 1976, you asked whether the Legislature could enact a change in the mill rates of the uniform property tax if the

*Pursuant to Maine Constitution, art. IV, pt. 3, §18, "[t]he Legislature may order a special election on any measure that is subject to a vote of the people." An initiative measure is not subject to vote by the people until the Legislature recesses. Once the election is held, the Governor must proclaim the result of the vote within 10 days. Me. Const. art. IV, pt. 3, §19. The initiative measure becomes effective 30 days from the date of the Governor's proclamation. Me. Const. art. IV, pt. 3, §19. Thus, an initiative measure proclaimed by the Governor prior to June 1, 1977 will become effective for the year beginning July 1, 1977.

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bill contained in the initiative petition contained a July 1, 1978 effective date. This office answered your question as follows:

"If a petition identical to the one being circulated, except for the addition of a July 1, 1978 effective date on the contained bill, is presented to the Regular Session of the 108th Legislature as the result of an initiative, the Legislature, whether it enacted or failed to enact the bill, would not be prohibited from changing the mill rate of the uniform property tax for the single fiscal year beginning July 1, 1977, and ending June 30, 1978; however, the Legislature would be prohibited from changing the mill rate with the change to be effective July 1, 1978, or any time thereafter."

The two responses quoted above form the basis of the answer to the Supplementary Question discussed in this opinion. If the bill contained in the initiative petition is submitted to and passed by the electorate so that the bill is effective after July 1, 1977, then the bill will have only a prospective application, i.e., the repeal of 35 M.R.S.A. § 451(2) as enacted by P.L. 1975, c. 660, §5, will not take effect until July 1, 1978. Moreover, if the Legislature submits the initiative measure to the electorate at such a date that the measure could not be effective until July 1, 1978, then the Legislature can change the mill rate of the tax for the year beginning July 1, 1977, without running afoul of the Maine Constitution, Article IV, Part 3, §18. A legislative change in the mill rate of the uniform property tax, however, must be carefully drawn so as to avoid any conflict with §18.

Legislation altering the mill rate of the uniform property tax must be limited, on its face, to the year beginning July 1, 1977, and ending June 30, 1978. If the mill rate change also applied to the year beginning July 1, 1978, or any year thereafter, then the rate change would constitute an amended form of the bill contained in the initiative petition. Legislation constituting an amended form of an initiative measure must be submitted to the electorate along with the initiative measure. Moreover, an amended form will not become law unless approved by the electorate. (See Answer and Reasoning to Question One in Opinion of September 21, 1976.)

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In Farris ex rel Dorsky v. Goss, 143 Me. 227, 232 (1948), the Supreme Judicial Court concluded that:

" . . . Sec. 18 places no curb on the enactment of legislation; but a bill enacted which is [an amended form of] the initiated measure must go to the electors with the initiated measure, and does not become a law until they approve it under the provisions of Sec. 18. "

(emphasis added)

A legislative change in the mill rate of the uniform property tax for the fiscal year beginning July 1, 1977, may or may not constitute an amended form of the initiated measure. If the Legislature submits the initiative measure to the electorate so that the measure, if passed, could be effective prior to July 1, 1977, then the mill rate change would constitute an amended form. Whether the initiated measure will be submitted to the electorate so that the measure could be effective prior to July 1, 1977, however, may not be determinable at the time the Legislature enacts the mill rate change. Thus, when enacted, the mill rate change is best characterized as a potential amended form. Until this potential status of the mill rate change finally is resolved, the rate change must be treated as if it were an amended form, i.e., as if the rate change did not constitute a law.

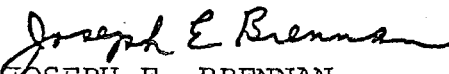
Although the status of a legislative change in the mill rate of the uniform property tax may not be determined until sometime after the Legislature passes the rate change, this fact does not affect the Legislature's authority to enact the change. In summary, the status of the mill rate change will depend upon the date on which the initiative measure is submitted to the electorate. If the initiative measure is submitted to the electorate so that, if passed, the measure could be effective prior to July 1, 1977, then the mill rate change would constitute an amended form. As an amended form, the rate change would "not become a law" unless approved by the electorate.* However, if the initiative measure is submitted to the

* Art. IV, Pt. 3, §19 requires the Governor to proclaim the result of the vote within ten days after the result has been determined. The result will be effective 30 days after the proclamation. Me. Const. art. IV, pt. 3, §19. If the result of the vote is deter-

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electorate so that, if passed, the measure could become effective only on or after July 1, 1978, then the rate change would effectively alter the mill rate for the year beginning July 1, 1977 and terminating June 30, 1977.

Very truly yours,


JOSEPH E. BRENNAN
Attorney General

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mined in the last ten days of May, 1977, the Governor will have the option of proclaiming the result either prior to or subsequent to June 1, 1977. If the Governor proclaims the result subsequent to June 1, 1977, the result will not be effective until after July 1, 1977. This office reaches no conclusion in this opinion on the effect of a vote by the electorate under such circumstances.

JOSEPH E. BRENNAN
ATTORNEY GENERAL



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STATE OF MAINE

DEPARTMENT OF THE ATTORNEY GENERAL

AUGUSTA, MAINE 04333

September 21, 1976

Honorable Bonnie D. Post
Cwls Head
Maine 04841

Re: Initiative Petition - Repeal of Uniform Property Tax.

Dear Representative Post:

This responds to your opinion request of September 2, 1976.

FACTS:

A direct initiative petition containing a bill entitled "An Act to Repeal the State Property Tax" is presently being circulated under the provisions of Article IV, Part 3, § 18 of the Maine Constitution. Section 3 of this bill would repeal § 451(2) as enacted by P.L. 1975, c. 660, § 5. Section 451(2) establishes the uniform property tax rate at "13 mills for the period beginning July 1, 1976, and ending June 30, 1977, and 12.5 mills thereafter." Three questions are asked concerning the effect of the petition.

QUESTION ONE:

If the bill contained in the petition is presented to the Regular Session of the 108th Legislature as the result of this initiative, is the Legislature in that session prohibited by the Constitution from changing the mill rate of the uniform property tax in a separate law to be effective prior to a referendum on the initiated bill?

ANSWER ONE:

If the bill contained in the petition is presented to the Regular Session of the 108th Legislature as the result of this initiative, the Legislature will be prohibited by Article IV, Part 3, § 18 of the Maine Constitution from changing the mill rate of the uniform property tax in a separate law to be effective prior to a referendum on the initiated bill.

REASONING ONE:

Article IV, Part 3, § 18 of the Maine Constitution sets forth the procedure for "direct initiative of legislation." Section 18 provides that unless the Legislature enacts the initiated measure without change, the measure "shall be submitted to the electors together with any amended form, substitute, or recommendation of the Legislature, and in such a manner that the people can choose between competing measures or reject both." (emphasis added) The critical inquiry for purposes of Question One is whether a change in the mill rate of the uniform property tax would constitute an "amended form, substitute or recommendation of the Legislature," and, if so, what consequences would follow.

Determination Whether a Rate Change Constitutes an Amended Form, Substitute or Recommendation

In Farris ex rel Dorsky v. Goss, 143 Me. 227 (1948), the Supreme Judicial Court delineated the confines of the term "substitute" as used in § 18. The Court held that

"[a] bill which deals broadly with the same general subject matter, particularly if it deals with it in a manner inconsistent with the initiated measure so that the two cannot stand together, is such a substitute as was referred to in [§18]." 143 Me. 227 at 232.

Although a change in the mill rate of the uniform property tax is "inconsistent" with a repeal of the tax, it is questionable whether a rate change "deals broadly with the same general subject matter" of the repeal. The term "broadly" could refer either to the impact of the legislative action or to the extensiveness of that action. A change in mill rate, although a change of potentially great impact, only amends on portion of a lengthy and complex act. Thus, if the term "broadly" refers to the extensiveness of treatment, the determination whether a change in mill rates constitutes a substitute becomes a close one. In Dorsky, the Court declared that legislation which dealt only with two of eight subjects contained in the initiated measure constituted a substitute within the meaning of § 18. The Dorsky decision thus suggests using a liberal interpretation of the term "broadly." This issue, however, need not be resolved, because it is concluded in this Opinion that a change in mill rates constitutes an "amended form" under § 18. This conclusion abrogates the need to determine whether such a change also constitutes a substitute or a recommendation.

Although a change in the mill rates does not alter any language in the initiative measure, it clearly alters the effect of that measure. If the mill rates are changed prior to the referendum on the initiated measure, the passage of the initiated measure will repeal the amended version of the uniform property tax and not the version existing at the time the initiative petition was filed. Thus in practical terms a change in the mill rates amends the initiative measure.

It should be noted that the Court in Dorsky derived its test for a substitute measure from the judicial standard used to determine when one statute impliedly repealed another. 143 Me. 227, at 232-33. Although the Supreme Judicial Court has yet to define "amended form," it is likely that the Court would adopt a similar practical and common sense approach to that used in defining "substitute."

The above conclusion - that a legislative alteration of an act constitutes an amendment of an initiative measure seeking to repeal that act - is also supported by the policies behind § 18. The Supreme Judicial Court in Dorsky commented that

"[§18] made a fundamental change in the existing form of government in so far as legislative power was involved. . . . By the amendment the people. . . reserved power at their own option to approve or reject at the polls any act, bill, resolve or resolution passed by the joint action of both branches of the Legislature. . . . The significance of this change must not be overlooked, particularly by this court whose duty it is to so construe legislative action that the power of the people to enact their laws shall be given the scope which their action in adopting this amendment intended them to have." 143 Me. 227, at 230-31.

If a change in the mill rates is not construed as an amendment of the initiative measure, then the policy supporting § 18 may be frustrated. The purpose of this initiative measure is to repeal the uniform property tax as it presently stands. If the Legislature can amend its act at will after the initiative petition is filed, then the referendum may result in the repeal of a substantially altered act. The Supreme Judicial Court has clearly stated that the Legislature cannot directly or indirectly abridge the people's right to disapprove of legislation. 143 Me. 227, at 231. A legislative change in the mill rate would, at the least, constitute an indirect abridgment of this initiative petition.

Effect of § 18

The Supreme Judicial Court in Dorsky unequivocally set forth the consequences of a finding that an act was an amended form, substitute or recommendation.

" . . . Sec. 18 places no curb on the enactment of legislation; but a bill enacted which is a substitute for the initiated measure must go to the electors with the initiated measure, and does not become a law until they approve it under the provisions of Sec. 18." (emphasis added) 143 Me. 227, at 232.

Thus, although the Legislature can change the mill rate of the uniform property tax, the change will not be effective prior to the referendum on the initiated bill.

QUESTION TWO:

If a petition identical to the one being circulated, except for the addition of a July 1, 1978, effective date on the contained bill, is presented to the Regular Session of the 108th Legislature as the result of an initiative, would the Legislature, whether it enacted or failed to enact this bill, be prohibited in that session from changing the mill rate of the uniform property tax in a separate law to be effective July 1, 1977?

ANSWER TWO:

If a petition identical to the one being circulated, except for the addition of a July 1, 1978, effective date on the contained bill, is presented to the Regular Session of the 108th Legislature as the result of an initiative, the Legislature, whether it enacted or failed to enact the bill, would not be prohibited from changing the mill rate of the uniform property tax for the single fiscal year beginning July 1, 1977, and ending June 30, 1978; however, the Legislature would be prohibited from changing the mill rate with the change to be effective July 1, 1978, or any time thereafter.

REASONING TWO:

As was discussed in the Answer and Reasoning to Question One, a change in the mill rate of the uniform property tax would constitute an amended form of the initiative measure. Therefore, such a change could not become a law until approved by the people under the provisions of § 18. However, if the initiative measure

contained a July 1, 1978, effective date, a change in the tax rate only for the fiscal year beginning July 1, 1977, would not be prohibited. Such a change would not be an amended form of the initiative measure, since the full impact of the change would occur prior to the date on which the initiative measure would take effect. The Legislature, however, would be prohibited from changing the mill rate for the year beginning July 1, 1978, or any year thereafter.

QUESTION THREE:

If the bill contained in the existing petition is either enacted by the Legislature so that it is effective after July 1, 1977, or passed by the electors and proclaimed by the Governor after July 1, 1977, what is the effect of the repeal on the levying and collections of the uniform property tax between July 1, 1977, and June 30, 1978? Would the repeal of the tax be considered prospective or retrospective?

ANSWER THREE:

If the bill contained in the initiative petition is either enacted by the Legislature so that it is effective after July 1, 1977, or passed by the electors and proclaimed by the Governor after July 1, 1977, the repeal of the levying and collections of the uniform property tax will not be effective until the fiscal year beginning July 1, 1978. The initiative measure would have a prospective application.

REASONING THREE:

Generally, repealing acts are construed retrospectively. 82 C.J.S. § 434 at 1008-09 (1953), citing City of Rockland v. Lincolnville, 135 Me. 420 (1938). However, this rule of construction is limited both by the "saving" provisions of M.R.S.A. Title 1, § 302 (Supp. 1973) and by case law. Section 302 states that the repeal of an act does not affect any punishment, penalty, or forfeiture incurred, or action or proceeding pending before the repeal takes effect. More importantly for purposes of this Question, the Supreme Judicial Court has held that the language of § 302 is not exclusive. In Maine v. Waterville Savings Bank, 68 Me. 515 (1878), the Court determined that the repeal of a tax law after an assessment was made, but before any legal action was instituted, did not bar recovery of the tax by the State. Although the Court stressed the fact that the repeal was occasioned only by a consolidation of tax law, the language of the opinion is broad enough to cover the total repeal of the uniform property tax: "[a] right acquired under a statute while in force. . . does not cease by a repeal of the statute." 68 Me. 515, at 519. See: Main v. Bean, 159 Me. 455, 460-61 (1963).

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Although no Maine case has held that the outright and total repeal of a tax will operate only prospectively, the policy evidenced by § 302 as well as precedent like Maine v. Waterville Savings Bank, *supra*, indicates that obligations which are vested or complete prior to repeal should be enforceable after repeal. Since the assessment of the uniform property tax is made as of July 1st, 36 M.R.S.A. § 452 (1976), the obligation of a taxpayer to pay the tax is vested and complete as of that date. 68 Me. 515, at 519. Thus, if the repeal of the uniform property tax is effective after July 1, 1977, the tax assessed for the fiscal year beginning on that same date would be collectible after the repeal. The initiative petition, therefore, would have a prospective application, unless, of course, the initiative included specific language to the contrary.

If you have any further questions on this matter, please do not hesitate to call on us.

Very truly yours,



JOSEPH E. BRENNAN
Attorney General

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