

MAINE STATE LEGISLATURE

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STATE OF MAINE
DEPARTMENT OF THE ATTORNEY GENERAL
AUGUSTA, MAINE 04333

April 18, 1979

The Honorable Bonnie Post
House of Representatives
State House
Augusta, Maine 04333

Dear Representative Post:

This responds to your request for advice concerning the effect of article IV, part 3, § 23 in the three following situations:

1. Would the Legislature by appropriating money for the purchase of land obligate itself to reimburse the municipality in which the land is situated for 50% of the property tax revenue loss caused by the transfer of ownership from a taxpayer to the State, which is tax exempt?
2. Would the Legislature by enacting legislation appropriating money to build facilities, obligate the State to reimburse a municipality for 50% of the property taxes which could have been realized on a newly constructed facility were it not exempt?
3. Would the reimbursement obligation exist in the instance of either property purchased or facilities built with funds authorized by bond issues which were approved by the voters of the State?

We have assumed that the State did purchase real estate in each hypothetical.

April 18, 1979

In essence, your questions require us to determine whether article IV, part 3, § 23, requires the Legislature to provide reimbursement to municipalities which incur a property tax revenue loss because the State, an exempt entity, acquires real estate that was taxable in the hands of the previous owner. It is our opinion that the Legislature would not be required to provide reimbursement in such situations.

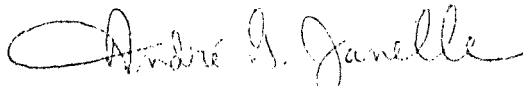
Article IV, part 3, § 23 provides that:

"The Legislature shall annually reimburse each municipality from state tax sources for 50% of the property tax revenue loss suffered by that municipality during the previous calendar year because of statutory property tax exemptions or credits enacted after April 1, 1978. The Legislature shall enact appropriate legislation to carry out the intent of this action."
(emphasis supplied)

Article IV, part 3, § 23 is designed to accomplish a limited purpose. It provides some financial relief to municipalities experiencing property tax revenue losses because of property tax exemptions or credits enacted by the Legislature after April 1, 1978. The answers to your questions can be arrived at by determining whether the tax exemption available to the State was a property tax exemption enacted before or after April 1, 1978. In each case, it is clear that the State's exempt status was fixed long before April 1, 1978 and therefore no reimbursement is required to be made.

We should emphasize that article IV, part 3, § 23 was not designed to require legislative reimbursement for all property tax losses suffered by municipalities. Rather, it was designed to provide some financial relief to offset the effect of local property tax revenue losses caused by new property tax exemptions and credits. The important fact is not whether a change of ownership causes a property tax revenue loss but whether the exemption claimed by the owner was enacted after April 1, 1978.

Sincerely,



Andre G. Janelle
Assistant Attorney General

AGJ:gr