

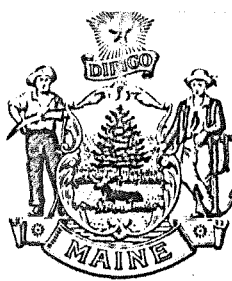
MAINE STATE LEGISLATURE

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

June 15, 1979

Honorable Sharon B. Benoit
House of Representatives
State House
Augusta, Maine 04333

Dear Representative Benoit:

You have related to us that the City of South Portland voted recently to change its municipal fiscal year from January through December to July through June. This change takes effect on July 1, 1979. During the period of transition, the City will raise two property taxes. The first provides revenue for the "old" municipal fiscal year - January 1, 1978 through December 31, 1978. The second provides revenue for an abbreviated municipal budget period - January 1, 1979 through June 30, 1979. These taxes are based on the April 1, 1978 valuation of property and are due in October 1978 and April 1979, respectively. Thereafter the City will raise one property tax for each succeeding new municipal fiscal year - July 1 through June 30. It will be payable in two installments - October and April.

You have requested that we determine whether general state law prohibits the City of South Portland from adopting a municipal fiscal year that does not correspond with the property tax year; also, whether state law prohibits a municipality from raising two property taxes on the same valuation of property.

It is our opinion that general statutory law does not prohibit the City of South Portland from adopting a fiscal year that does not correspond with the property tax year; it is also our opinion that state law does not prohibit the city from raising two property taxes on the same valuation.

General statutory law provides that the property tax year is April 1 to April 1. 36 M.R.S.A. §§ 502, 558. Municipalities have no power to change the property tax year. When a property tax is raised, it is based on the value of property as of April 1 of the tax year. Similarly, the status (taxability) of property is determined as of that date.

Although state law establishes an April 1 to April 1 tax year, it does not require that the revenue produced by the tax be budgeted on an April 1 to April 1 basis. On the contrary, state law specifically recognizes that municipalities are free to budget property tax revenue on a fiscal year that differs from the property tax year. 30 M.R.S.A. § 5110. Thus a property tax collected for tax year 1978 (April 1, 1978 to April 1, 1979) may be budgeted and spent on the basis of a municipal fiscal year which runs from July 1, 1978 to July 1, 1979.

State law does place a limit on the budget period for which property taxes may be raised during a single property tax year. One or two property taxes may be raised during a single property tax year (April 1 to April 1) provided that the revenue generated is used to finance a budget period that does not exceed an 18 month period. 30 M.R.S.A. § 5110.

It is clear, therefore, that the City of South Portland did not violate general state law when it changed its municipal fiscal year from January through December to July through June. Similarly, South Portland did not contravene general state law by raising two taxes for property tax year 1978 since these two taxes raise revenue for a budget period of 18 months.

Sincerely,

Stephen L. Diamond

STEPHEN L. DIAMOND
Deputy Attorney General

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