

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

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Legislative Document

No. 603

H. P. 448

House of Representatives, February 4, 1971

Referred to Committee on Appropriations and Financial Affairs. Sent up for concurrence and ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mr. Porter of Lincoln.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-ONE

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**AN ACT Establishing a State-Municipal Revenue Sharing Program.**

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Be it enacted by the People of the State of Maine, as follows:

**Sec. 1. R. S., T. 30, § 5055, additional.** Title 30 of the Revised Statutes is amended by adding a new section 5055, to read as follows:

§ 5055. State-municipal revenue sharing.

1. Findings and purpose:

A. The principal problem of financing municipal services is the burden on the property tax;

B. To stabilize the municipal property tax burden and to aid in financing all municipal services, it is necessary to provide funds from the broad based taxes of State Government.

2. Local Government Fund. To strengthen the state-municipal fiscal relationship pursuant to the findings and objectives of subsection 1, there is established a Local Government Fund.

An amount equal to 7.25861% of the revenue received from taxes, the sales and use taxes collected under Title 36, Part 3, and the income taxes collected under Title 36, Part 8, shall be credited to the Local Government Fund in accordance with subsection 4.

3. Sharing the Local Government Fund. Moneys accrued to the Local Government Fund shall be distributed as follows:

$$\frac{\text{Local Government Fund}}{\text{Total Population of Municipalities}} = \text{Per Capita Revenue Sharing}$$
$$\text{Population of Municipality} \times \text{Per Capita Revenue Sharing} = \text{Revenue Sharing Aid per Municipality.}$$

Population used in computing revenue-sharing aid shall mean the population as determined by the latest Federal Decennial Census or the population as determined and certified by the Department of Health and Welfare, whichever is later. For the purposes of this section, the Department of Health and Welfare is authorized and required to determine the population of each municipality at least once every 2 years.

4. **Treasurer of State.** At the time that the Treasurer of State is required to credit receipts from the taxes imposed under Title 36, Parts 3 and 8, to the General Fund, the Treasurer of State shall transfer from the General Fund, Title 36, sections 1952 and 5342 notwithstanding, an amount equal to 7.25861% of said receipts and credit said amount to the Local Government Fund.

The Treasurer of State shall deplete the balance in the Local Government Fund as of the first days of August, November, February and May by paying and distributing to each municipality the amount determined in accordance with subsection 3.

**Sec. 2. R. S., T. 36, § 714, additional.** Title 36 of the Revised Statutes is amended by adding a new section 714, to read as follows:

**§ 714. State-municipal revenue sharing aid**

The assessors shall deduct from the total amount required to be assessed an amount equal to the amount that the municipal officers estimate will be received under Title 30, section 5055, during the municipal fiscal year.

**STATEMENT OF FACT**

This legislation creates a revenue-sharing program between the State of Maine and its 495 cities and towns. A Local Government Fund is created and a percentage of the sales and income taxes allocated to provide the moneys for revenue-sharing aid for communities. Revenue-sharing aid from the Local Government Fund would be distributed on a per capita basis to every municipality. The revenue-sharing aid would be paid to the cities and towns quarterly.

The proposal is accompanied by a request that the Part I budget be amended to delete \$18,234,389 requested for increased education subsidies for the biennium. The percentage of the sales and income taxes allocated to the Local Government Fund would mean that a similar sum of money would accrue to that fund, based upon 1971-1973 budget estimates from those revenue sources. This would mean approximately \$18.50 per capita would be received by the communities during the biennium above and beyond the categorical state aid they are now receiving.

Revenue-sharing aid returned to communities would have "no strings attached" and could not be earmarked for any particular municipal service. The moneys would be used to reduce the total property assessment for all municipal services.

This proposal does not require an increase in existing state tax sources.