

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 1859

H. P. 1428

House of Representatives, June 17, 1971

Reported by Mr. Carey from Committee on Appropriations and Financial Affairs and printed under Joint Rules No. 18.

BERTHA W. JOHNSON, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-ONE

AN ACT Establishing a State-Municipal Revenue Sharing Program.

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 4% of the estimated 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 appropriated to the Local Government Fund.

3. Sharing the Local Government Fund. Moneys credited to the Local Government Fund shall be distributed on the basis of a formula which provides a varying amount of per capita revenue sharing aid to communities based upon the comparative tax burden of each municipality. Those municipi-

palities having a greater property tax burden would receive a larger per capita revenue sharing distribution.

The portion of the Local Government Fund to be distributed to each municipality shall be in proportion to the following: The population of the municipality x the property tax burden of the municipality.

4. Definitions.

A. Population. "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.

B. Property tax burden. "Property tax burden" shall mean the total real and personal property taxes assessed in the most recently completed municipal fiscal year divided by the latest state valuation certified to the Secretary of State.

5. Treasurer of State. An amount equal to 4% of the receipts from the taxes imposed under Title 36, Parts 3 and 8, and credited to the General Fund shall be transferred by the Treasurer of State to the Local Government Fund on December 31 and June 30 of each fiscal year beginning July 1, 1973.

The Treasurer of State shall deplete the balance in the Local Government Fund as of the 15th days of July and January by paying and distributing to each municipality an 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.

Sec. 3. R. S., T. 36, § 2683, amended. The last paragraph of section 2683 of Title 36 of the Revised Statutes is repealed.

Sec. 4. Appropriation. There is appropriated from the General Fund the sum of \$6,600,000 to the Local Government Fund to accomplish the purposes of this Act. The breakdown shall be as follows:

	1971-72	1972-73
LOCAL GOVERNMENT FUND		
All Other	\$2,900,000	\$3,700,000

There is also appropriated from the Unappropriated Surplus of the General Fund the sum of \$1,152,000 for the fiscal year June 30, 1972 to accomplish the purposes of this Act.

The treasurer shall credit the above appropriations to the Local Government Fund as follows:

1971-72 \$2,900,000 from the General Fund, June 30, 1972

1972-73 1,161,000 from the General Fund, December 31, 1972
 1,539,000 from the General Fund, June 30, 1973
 1,152,000 from the General Fund Surplus, December 31, 1972

STATEMENT OF FACT

This Act will initiate a state-municipal revenue sharing program by appropriating over the next biennium an amount equal to 4% of the estimated revenue from the sales and income taxes. The moneys appropriated under this proposal will be distributed under a formula based upon 2 factors: The population of the municipality and the property tax burden of the community. Those communities having a greater property tax burden would receive a larger per capita distribution.

To finance this proposal, the Appropriations Committee has recommended the State assume, starting 1972, proceeds of the telephone tax presently shared with communities on a per capita basis. The telephone tax, replacing the funds to be appropriated from general revenue, plus an appropriation of \$1,152,000 in the 2nd year of the biennium will finance this proposal. The net effect of the proposal is to provide an estimated \$2.3 million more revenue for municipalities in calendar 1972 than they would have received from the telephone tax. In 1973, it would amount to an estimated \$1.7 million more than the telephone tax would have yielded. This proposal does not reduce or affect in any way the school subsidy appropriation contained in the Part I of the budget.

The revenue sharing funds would be distributed with "no strings" attached other than the provision that the assessors deduct from the total amount of property taxes to be assessed the estimated revenue sharing receipts.