

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES (Filing No. H-118)
108TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1160, L.D. 1252, Bill,
"AN ACT Relating to School Funding and Inventory Tax Reimbursement."

Amend the Bill by striking out all of sections 3 and 4.

Further amend the Bill in section 7 by striking out in the 6th line the underlined figure and word "12 mills" and inserting in its place the following: '11.66 mills'

Further amend the Bill by striking out all of section 11 and inserting in its place the following:

'Sec. 11. 20 MRSA §3748, sub-§4, 3rd, 4th and 7th sentences,
as enacted by PL 1975, c. 660, §2, are amended to read:
Under this subsection, an administrative unit is authorized to appropriate a maximum of ~~90~~ 125 per pupil per year for the pupils specified in subsection 1. The maximum levy on a municipality within an administrative unit shall not exceed ~~45~~ 62.50 per pupil per mill levied on that municipality.

If the additional school levy authorized under this subsection fails to produce ~~45~~ 62.50 per pupil per mill levied, the commissioner shall add to the allocation of the unit for the unit's fiscal year a sum which, when combined with the local levy under this section, shall equal ~~45~~ 62.50 per pupil per mill.

Sec. 11-A. 20 MRSA §3748, sub-§4, 2nd ¶, 2nd sentence, as

amended by PL 1975, c. 746, §24-R, is further amended to read:
The purpose of these appropriations is to provide that all administrative units may raise and appropriate at least ~~\$45~~ \$62.50 per pupil per mill to supplement the adjusted allocations when necessary in the judgment of the local administrative units.'

Further amend the Bill in section 17 by striking out all of the first underlined sentence of subsection 5 and inserting in its place the following:

'An amount equal to 7% in fiscal year 1977-78 and 6% in fiscal year 1978-79, and 4% in fiscal year 1979-80 and thereafter, 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 the first day of each month.'

Further amend the Bill by striking out all of section 19 and inserting in its place the following:

'Sec. 19. 36 MRSA §451, as repealed and replaced by PL 1975, c. 660, §5, is repealed and the following enacted in its place:

§ 451. Rate of Tax

1. Property tax for expenses of local and State Government. For necessary expenses of local and State Government, the Legislature shall annually, prior to April 1st, enact legislation establishing a local and State Government tax rate which shall be assessed upon each municipality and the unorganized territory. For the year beginning July 1, 1977 and ending June 30, 1978, the rate shall be 23.91 mills. In each municipality, the tax assessed under this subsection shall be paid when collected to the treasurer thereof to be disbursed by him for the necessary expenses of local government as determined or appropriated by the legislative body of that municipality within the purposes specified in Title 30. The tax assessed under this subsection upon the unorganized territory shall be paid to the State.

2. Determination. The State Tax Assessor shall determine the amount to be assessed on each municipality and the unorganized territory. That rate shall never exceed whatever shall from time to time be the weighted average municipal tax rate. The "weighted average municipal tax rate" means the total municipal property taxes levied statewide for the previous year, as determined by the State Tax Assessor from the annual return of municipalities pursuant to Section 383, divided by the State valuation of municipalities in effect for the previous year. The valuation as determined by the State Tax Assessor, as set forth in the statement filed by him as provided by section 305, subsection 1, shall be the basis for the computation and apportionment of the tax assessed.

The method for determining the amount of state tax from each municipality in a calendar year is to add the state tax for the period January 1st to June 30th of the same calendar year to the state tax for the period July 1st to December 31st of the same calendar year. The state tax as determined for a fiscal year is to be divided by 2 to establish the amount of tax for the period July 1st to December 31st or January 1st to June 30th.

The State Tax Assessor shall, before July 1st annually, determine the amount of state tax to be assessed and collected for the year in the unorganized territory. The rate of taxation in the unorganized territory is to be determined by dividing the amount of state tax by the total valuation of taxable property in the unorganized territory on April 1st of the same year.

Further amend the Bill by striking out all of sections 23 and 24 and inserting in their place the following:

'Sec. 23. 36 MRSA c. 367 is enacted to read:

CHAPTER 367

NUCLEAR ELECTRIC GENERATING FACILITY EXCISE TAX

§2751. Definitions

As used in this chapter, unless the context otherwise indicates, the following words shall have the following meanings.

1. Adjusted gross receipts. "Adjusted gross receipts" means the gross receipts multiplied by the Maine apportionment factor.

2. Gross receipts. "Gross receipts" means all receipts of a taxpayer from the sale of electricity produced by a nuclear generating facility in the preceding taxable year.

3. Maine apportionment factor. The "Maine apportionment factor" means the fraction, the numerator of which is the sum of the property factor, the payroll factor and sales factor, and the denominator of which is 3.

4. Taxpayer. "Taxpayer" means any corporation, association or person who owns and operates a nuclear electric generating facility in this State.

5. Taxable year. "Taxable year" means the period from January 1st to December 31st of any year.

§2752. Excise tax on gross receipts

For the privilege of operating a nuclear electric generating facility within Maine there is imposed an excise tax. This excise tax shall be a percentage of the adjusted gross receipts of a nuclear generating facility received by a taxpayer during the preceding taxable year. The State Tax Assessor shall establish a percentage tax rate reasonably calculated to produce \$2.3 million in revenues for fiscal year 1977-78.

§2753. Incorporation of income tax law and regulations

The property factor, the payroll factor and the sales factor shall be defined according to section 5211 and income tax regulations promulgated by the Bureau of Taxation.

§2754. Taxpayers' returns

All taxpayers, on forms to be provided by the State Tax Assessor, shall return to the State Tax Assessor prior to April 1st following the end of a taxable year, a statement, signed by its president, treasurer or chief accounting officer, of its gross receipts, property factor, payroll factor and information upon which its gross receipts and factors are based.

§2755. Payment of tax

Each taxpayer shall, prior to July of each year, pay this excise tax to the State Tax Assessor.

§2756. Access to books

The State Tax Assessor shall have access to the books and records of any taxpayer to ascertain if the required returns are correct.

§2757. Sanctions

Any taxpayer who:

1. Fails to make required returns. Fails to make the required returns;
2. Fails to permit access to books or records. Fails to permit access to its books or records; or
3. False returns. ← -- makes returns which the president, treasurer or chief accounting officer knows to be false;
shall forfeit not less than \$5,000 nor more than \$25,000, to be recovered by civil action.

§2758. Incorrect returns

If the State Tax Assessor determines that a taxpayer's returns are incorrect, he shall either assess an additional tax or refund the amount of any overpayment.

§2759. Assessment by State Tax Assessor

If any taxpayer fails to make the returns required by section 2754, the State Tax Assessor shall make an assessment of tax upon such taxpayer.

§2760. Abatement

Any taxpayer may apply for an abatement of its tax within 30 days after the tax is due or within 30 days after the State Tax Assessor has taken action pursuant to sections 2758 and 2759.

§2761. Penalty and interest

Taxes shall become delinquent if unpaid after the date on which payment is due. Interest of 9% per year shall be charged on delinquent payments beginning on the date on which the payment becomes delinquent. A penalty of 25% per year shall be charged on delinquent payments beginning 30 days after the payments become delinquent.

§2762. Lien

The Bureau of Taxation shall have a tax lien on all real and tangible personal property owned by a taxpayer in this State to secure payment of all sums due. Any lien shall be discharged upon payment of all delinquent taxes, interest and penalties.

\$2763. Administration

The State Tax Assessor shall establish all rules and regulations necessary for the efficient administration of this chapter.

Further amend the Bill by inserting after section 25 the following:

'Sec. 26. Appropriation. The appropriation provided for general purpose aid for local schools in 1977-78 shall be expended for the purposes listed below under Parts A and B of this section as modified by section 25.

	<u>1977-78</u>
PART A	
1. Elementary and Secondary Operating Costs	\$217,790,000
2. Special Education--costs for programs operated by the administrative units	9,032,600
3. Special Education--costs for tuition and board, excluding medical costs	4,314,600
4. Vocational Education Costs	5,680,800
5. Transportation Costs	
a. Operating	15,441,600
b. Purchase of Buses	2,827,400
6. Debt Service Costs	
a. Capital Outlay	763,900
b. Debt Service	<u>26,750,000</u>
Subtotal	\$274,600,900
Less: PL 874 Funds	<u>1,900,000</u>
Total--Part A	\$280,700,900

PART B

1. Major Capital Costs	\$ 555,000
2. Cost of Unusual Enrollment Adjustments	600,000
3. Cost of Geographic Isolation Adjustments	308,934
4. Cost of Reimbursement for Private School Transportation	217,000
5. Audit Adjustments	71,000
6. Optional Local Appropriations with State Participation-maximum state obligation	<u>8,113,326</u>
Total--Part B	\$ 9,865,260
Grand Total	<u>\$290,566,160</u>

Sec. 27. Limit of state's obligation. In the event that the state's computed obligation for any individual program contained within Part A and B exceeds the level of funding provided for that program, any unexpended balances occurring in other programs within that Part may be applied to avoid proration of payments for any individual program. Any unexpended balance from Part A or B shall not lapse but shall be carried forward to be used for the same purpose.

Sec. 28. Appropriation. There is appropriated from the General Fund to the Department of Educational and Cultural Services the sum of (\$3,086,860) for the fiscal year ending June 30, 1977, and the sum of \$160,461,460 for the fiscal year ending June 30, 1978, to carry out the purposes of this Act.

The breakdown shall be as follows:

	<u>1976-77</u>	<u>1977-78</u>
EDUCATIONAL AND CULTURAL SERVICES, DEPARTMENT OF		
General purpose aid for local schools		
All Other	(\$3,086,860)	\$160,461,460

Further amend the Bill by striking out the emergency clause and inserting in its place the following:

'Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved, except sections 15, 16 and 17 which shall take effect July 1, 1978, and sections 1 to 14 and 18 to 21 which shall be effective from July 1, 1977, to June 30, 1978. 'Section 22 shall be retroactive to January 1, 1977.'

Further amend the Bill by renumbering sections of the Bill to read consecutively.

Statement of Fact

The purpose of this amendment is to make the following major changes:

1. Establish a minimum local tax effort of 11.66 mills;
2. Fund education at \$290,566,160 million with a state share of \$160,461,460;
3. Increase, then phase down, the Local Government Revenue Sharing Fund (7% in 1977-78, 6% in 1978-79 and 4% in 1979-80 and thereafter);
4. Reimburse the municipalities in 1977-78, \$7.4 million for lost inventory tax revenues;
5. Establish a Nuclear Electric Generating Facility Excise Tax designed to use \$2.3 million;
6. Provide "local leeway" based on \$125 per pupil for two mills; and
7. Remove from the bill inventory excise tax.

Reported by the Minority of the Committee on Taxation

Reproduced and distributed under the direction of the Clerk of the House
4/7/77

(Filing No. H-118)