

MAINE STATE LEGISLATURE

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(EMERGENCY)

ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1289

H. P. 1054

House of Representatives, March 24 1977

On Motion of Mr. Carey of Waterville, referred to Committee on Taxation.
Sent up for concurrence and 1,800 ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Carey of Waterville.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

**AN ACT to Provide an Equitable Method of Reimbursing Municipalities for
Revenue Loss Due to the Tax Exemption on Business Inventories.**

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the statute relating to the repeal of the tax on business and agricultural inventories obligate the State to reimburse affected municipalities for their revenue loss based on inventory taxes assessed in 1973; and

Whereas, it is desirable that starting in fiscal year 1977-78, a method of distributing these reimbursements be established that will eventually be independent of circumstances as they existed in 1973; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 30 MRSA § 5055, sub-§ 2, as last amended by P&SL 1971, c. 146, Sec. E, § 1, is further amended by adding at the end the following new paragraph:

An amount equal to 8% of the estimated revenues received from 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.

Sec. 2. 30 MRSA § 5055, sub-§ 5, as last amended by P&SL 1975, c. 147, § 15, is repealed and the following enacted in its place:

5. **Treasurer of State.** An amount equal to 8% 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 1st day of each month.

Commencing July 1, 1977, balances in the Local Government Fund as of the 1st day of each month shall be distributed on the 20th day of each month in the following manner:

A. Each municipality shall receive the amount it received for that month during the year 1976-77; and either of the following whichever is the greater:

(1) One-twelfth of the reimbursement for revenue loss as defined in section 5056; or

(2) The allocation the municipality would receive, if the amount in the Local Government Fund, less the amount distributed as reimbursement for revenue loss in the previous month, that exceeds the amount that was in the fund on the first day of the corresponding month in the year 1976-77, were distributed in accordance with subsection 1. For the month of July, 1977, the amount distributed as reimbursement for revenue loss in the previous month shall be $1/12$ th of the amount distributed in fiscal year 1976-77.

B. After allocations have been made under paragraph A, the remaining balances in the Local Government Fund shall be distributed in accordance with subsection 1 to only those municipalities that did not receive reimbursements under paragraph A, subparagraph (1).

Sec. 3. 30 MRSA § 5056, sub-§ 2, as enacted by PL 1973, c. 592, § 2, is repealed and the following enacted in its place:

2. **Reimbursements for revenue loss.** The Treasurer of State shall make reimbursements for revenue loss in accordance with section 5055, subsection 5.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

STATEMENT OF FACT

The intent of this bill is reflected in the preamble.