

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

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**Legislative Document**

**No. 2159**

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H. P. 2139

House of Representatives, February 27, 1978

Reported by Mrs. Post From the Committee on Taxation and Printed Under  
Joint Rules No. 2.

EDWIN H. PERT, Clerk

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-EIGHT

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**AN ACT Relating to the Taxation of the Unorganized Territory.**

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

Whereas, the uniform property tax has been repealed and this has resulted in a loss of General Fund revenues from the unorganized territory of approximately \$3,600,000 for fiscal year 1978, assuming a uniform property tax mill rate of .0115; and

Whereas, the legality of the other state property tax, the local and state government tax, has been questioned in an opinion of the Attorney General; and

Whereas, if the local and state government tax were no longer levied, the State would lose in General Fund revenues at least \$4,100,000 for fiscal year 1978 alone; 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**Sec. 1.** 20 MRSA § 1461, sub-§ 4, as repealed and replaced by P&SL 1975, c. 147, § C, § 10, is repealed and the following enacted in its place:

**4. Balances.** Any unencumbered balance in the Unorganized Territory School Fund shall not lapse but shall be carried forward to the same fund for use in the next fiscal year.

**Sec. 2.** 36 MRSA § 451, sub-§ 1, as enacted by PL 1975, c. 660, § 5, is repealed.

**Sec. 3.** 36 MRSA c. 115 is enacted to read:

#### CHAPTER 115

#### UNORGANIZED TERRITORY EDUCATIONAL AND SERVICES TAX

##### § 1601. Unorganized Territory Tax District

The Legislature hereby creates a tax district to be known as the Unorganized Territory Tax District. It shall include all of the unorganized territory of the State and any areas which may subsequently become a part thereof.

##### § 1602. Annual tax

**1. Annual levy of tax.** A tax, to be known as the Unorganized Territory Educational and Services Tax, shall be levied each year upon all nonexempt real and personal property located in the Unorganized Territory Tax District on April 1st of each year. The State Tax Assessor shall fix the status of all taxpayers and of all such property as of that date.

**2. Computation and determination of tax.** The tax shall be computed and apportioned on the basis of the State Tax Assessor's determination of the value of that property.

**3. Determination of original tax.** The State Tax Assessor shall determine the amount of tax due from each taxpayer. He shall notify each taxpayer in writing, not later than June 30th. Interest shall accrue beginning October 1st.

**4. Establishment of mill rate.** The State Tax Assessor shall establish a mill rate, accurate to the nearest quarter of a mill, which is calculated to raise the municipal cost component amount certified to the State Tax Assessor in accordance with section 1604, subsection 2.

##### § 1603. Definition of municipal cost component

For the purposes of this chapter, "municipal cost component" means the cost of funding services in the Unorganized Territory Tax District which would not be borne by the State if the Unorganized Territory Tax District were a municipality. The "municipal cost component" shall include, but not limited to:

- A. The cost of education, as would be determined by the School Finance Act in Title 20 if the unorganized territory were a municipality;
- B. The cost of all services the State funds in the unorganized territory that are funded locally by a municipality;
- C. The cost of reimbursing any county an amount equal to the county tax rate applied to unorganized territory within its boundaries, in accordance with Title 30, section 254; and
- D. The cost of reimbursement by the State for services a county provides to the unorganized territory in accordance with Title 23, Part 4, and Title 30, chapter 5.

§ 1604. Rate of tax

1. Governor's report to the Legislature. The Governor shall submit to the Legislature, not later than January 5th of each year, a written report which shall include a list of all items, including services and reimbursements, for which a municipal cost component exists.

2. Legislative determination of municipal cost components. The Legislature shall consider the Governor's report and, not later than April 15th of each year, determine the municipal cost component for the current fiscal year. The Legislature shall promptly certify the amount to the State Tax Assessor.

§ 1605. Unorganized Territory Education and Services Fund

1. Fund established. The Legislature hereby creates the Unorganized Territory Education and Services Fund. The State Tax Assessor shall deposit in the fund all Unorganized Territory Educational and Services Tax moneys which he collects.

2. Expending moneys. The Governor is authorized and directed to expend as much of the moneys in the fund as is necessary to reimburse, every fiscal year, each department of the Executive Branch for the full amount of its municipal cost component expense.

3. Balance carried forward. Any unexpended balance shall not lapse but shall be carried forward to the same fund for the next fiscal year and shall be available for the purposes authorized by this chapter.

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

STATEMENT OF FACT

The Unorganized Territory Educational and Services Tax is a district tax. Its

purpose is to recover from the unorganized territory the state's expenses attributable to providing governmental services and education therein. Briefly stated, the unorganized territory is treated as if it were a municipality and the tax imposed is the equivalent of a local municipal property tax.

The Legislature shall determine the cost of providing governmental services and education to the unorganized territory. The State Tax Assessor shall establish a mill rate, each year, which is calculated to raise that sum. The State Tax Assessor shall collect the tax. The revenues shall be placed in a dedicated fund, the balance of which shall not lapse but shall carry forward for use in the next fiscal year.