

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 351

H.P. 268 House of Representatives, February 12, 1987  
Reference to the Committee on Taxation suggested and  
ordered printed.

EDWIN H. PERT, Clerk  
Presented by Representative KETOVER of Portland.  
Cosponsored by Senators BRANNIGAN of Cumberland and  
TWITCHELL of Oxford.

STATE OF MAINE

IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND EIGHTY-SEVEN

AN ACT to Limit the Impact of Annual  
Variations in State Valuations.

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

Sec. 1. 20-A MRSA §15603, sub-§5-A is enacted to  
read:

5-A. Adjusted state valuation. "Adjusted state  
valuation" means a municipality's state valuation  
that is certified to the Secretary of State under Ti-  
tle 36, section 305, as adjusted upward or downward,  
so that it is not more than 10% greater or less than  
that municipality's state valuation for the previous  
year.

Sec. 2. 20-A MRSA §15609, as enacted by PL 1983,  
c. 859, Pt. G, §§2 and 4, is amended to read:

1     §15609. Computation of maximum local share of the  
2             foundation allocation

3             1. Maximum local share of the foundation allocation  
4             computation. The commissioner shall compute the  
5             local share of the foundation allocation by adding  
6             the following.

7             A. The local share of the allocation for operating  
8             costs shall be the product of the operating  
9             cost millage established under section 15607 and  
10            the adjusted state valuation of the municipalities  
11            in the administrative units. The commissioner's  
12            computation of the local share of the allocation  
13            for operating costs for each unit or member  
14            municipality within a school administrative  
15            district or community school district shall not  
16            exceed the total operating allocation of each mu-  
17            nicipality.

18            (1) The local share percentage shall be the  
19            proportion that the local share of the allo-  
20            cation for operating cost is to the maximum  
21            operating cost allocation. The state share  
22            percentage shall be the proportion that the  
23            state share of the allocation for operating  
24            cost is to the maximum operating cost allo-  
25            cation.

26            B. The local share of the allocation for program  
27            costs shall be the actual local program costs in  
28            the base year adjusted and bus purchase costs in  
29            the year prior to the year of allocation multi-  
30            plied by the local share percentage determined in  
31            paragraph A or the program millage limit estab-  
32            lished in section 15607 times the adjusted state  
33            valuation of the municipalities in the adminis-  
34            trative unit, whichever is less.

35            (1) The program millage limit shall be the  
36            mills derived by dividing 40% of the program  
37            costs adjusted as defined in section 15603,  
38            subsection 5, by the adjusted state valua-  
39            tion of all municipalities.

40            Sec. 3. 20-A MRS §15611, sub-§1, as enacted by  
41            PL 1983, c. 859, Pt. G, §§2 and 4, is amended to  
42            read:

1           1. Local share. The commissioner shall compute  
2 the local share of allocation for debt service for  
3 each unit as follows.

4           A. The local share of allocation for debt ser-  
5 vice shall be the product of the debt service al-  
6 location multiplied by the percentage local share  
7 determined in section 15609 or the debt service  
8 millage limit established in section 15607 times  
9 the adjusted state valuation of the municipali-  
10 ties in the administrative units, whichever is  
11 less.

12           (1) The debt service millage limit shall be  
13 the mills derived by dividing 45% of the  
14 debt service costs as defined in section  
15 15603, subsection 8, by the adjusted state  
16 valuation of all municipalities.

17           Sec. 4. 30 MRSA §5055, sub-§4, ¶B, as amended by  
18 PL 1983, c. 859, Pt. N, §2, is further amended to  
19 read:

20           B. "Property tax burden" shall ~~mean~~ means the  
21 total real and personal property taxes assessed  
22 in the most recently completed municipal fiscal  
23 year, except the taxes assessed on captured value  
24 within a tax increment financing district, di-  
25 vided by the latest adjusted state valuation cer-  
26 tified to the Secretary of State.

27           Sec. 5. 30 MRSA §5055, sub-§4, ¶C is enacted to  
28 read:

29           C. "Adjusted state valuation" means a  
30 municipality's state valuation that is certified  
31 to the Secretary of State under Title 36, section  
32 305, as adjusted upward or downward so that it is  
33 not more than 10% greater or less than that  
34 municipality's state valuation for the previous  
35 year.

1 STATEMENT OF FACT

2 As federal aid to municipalities diminishes, the  
3 financial assistance provided by the State is becom-  
4 ing increasingly more important.

5 However, in 2 vital state financial assistance  
6 programs, municipalities do not receive a consistent  
7 level of state financial assistance from year to  
8 year, thus making local budgeting more difficult.  
9 This is because both state-municipal revenue sharing  
10 and state reimbursement of a portion of educational  
11 costs are based on state valuation -- a figure that  
12 may vary dramatically from year to year.

13 This bill guarantees municipalities a more con-  
14 sistent and predictable level of state-municipal rev-  
15 enue sharing and school reimbursement receipts by  
16 limiting the amount which a municipality's state val-  
17 uation may increase or decrease from that of the pre-  
18 vious year, for the purposes of these programs, to  
19 10%.

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