

MAINE STATE LEGISLATURE

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L.D. 2686

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(Filing No. H-808)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
113TH LEGISLATURE
THIRD SPECIAL SESSION

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HOUSE AMENDMENT "A" to H.P. 1983, L.D. 2686,
8 Bill, "AN ACT to Return Surplus Revenues to the
9 Taxpayers of Maine."

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Amend the bill by striking out everything after
the enacting clause and inserting in its place the
following:

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'Sec. 1. Payment. The Treasurer of State shall
make tax surplus payments to eligible recipients as
provided in this Act. The following procedure shall
be used to identify the recipients of the return, to
determine the amount of each return and the procedure
for payment:

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1. Eligible recipients. The municipalities of
the State, as defined in the Maine Revised Statutes,
Title 1, section 72, subsection 13 and the unorganized
territory shall be eligible recipients for payment of
\$60,028,000 of surplus state revenues pursuant to this
Act.

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2. Amount of return. The amount of the payment
to an eligible recipient shall be determined by
multiplying the population of the eligible recipient
by \$50.55.

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3. Procedure. The Director of the State Planning
Office shall perform the calculations required by this
Act by September 28, 1988. The Director of the State

1 Planning Office shall provide the Treasurer of State
2 with the necessary information for issuing tax surplus
3 return checks no later than October 3, 1988. The
4 Treasurer of State shall issue by November 1, 1988,
5 all tax surplus return checks.

6 4. Unorganized territory. For the purposes of
7 this Act, payment to the unorganized territory shall
8 be made to the Unorganized Territory Education and
9 Services Fund established in Title 36, section 1605,
10 and used to reduce the amount of the next municipal
11 cost component determined by the Legislature.

12 5. Hearings. Municipalities and plantations
13 shall hold public hearings to obtain local resident
14 suggestions for the expenditure or use of the surplus
15 payment to these entities.

16 Sec. 2. Appropriation. The following funds are
17 appropriated from the General Fund to carry out the
18 purposes of this Act.

19 1988-89

20 TREASURER OF STATE, OFFICE OF

21 Municipal Tax Surplus
22 Reimbursement Program

23 All Other \$60,028,000

24 Provides funds for
25 return of \$60,028,000
26 of surplus state
27 revenues to eligible
28 recipients.

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

32 FISCAL NOTE

33 This bill would return \$60,028,000 in excess
34 revenue collections to the municipalities of the
35 State. Because less than 500 checks need to be
36 issued, the costs of processing and mailing the checks
37 are negligible and can be absorbed within existing
38 resources of the department.'

1 STATEMENT OF FACT

2 This amendment returns the tax surplus to Maine's
3 municipalities, plantations and unorganized
4 territory. This is a property tax relief proposal to
5 assure equal treatment to all Maine citizens.
6 Municipalities would be required to hold public
7 hearings to obtain local resident suggestions for the
8 expenditure or use of the reimbursement money. The
9 payment is based on a surplus of roughly \$60 million
10 and a State Planning Office population figure of
11 1,187,000 people. This establishes a per capita share
12 of \$50.55.

13 Payment to municipalities according to size of
14 population:

15	Size of	Total
16	Municipality	Reimbursement
17	500	\$ 25,275
18	1,000	\$ 50,530
19	5,000	\$ 252,750
20	10,000	\$ 505,500
21	20,000	\$1,011,000
22	60,000	\$3,033,000

23 Population of town times \$50.55 equals
24 reimbursement.

25 Payment to municipalities of the fiscal year 1988
26 surplus as an alternative to payments to individuals
27 based on 1987 income tax returns is made for the
28 following reasons:

29 (1) State income tax reimbursements to
30 individuals already have been made as a result of
31 the recent law that brings state income tax into
32 conformance with the federal code;

33 (2) The fiscal year 1988 surplus to be returned
34 is not related to individual state income tax
35 payments for calendar year 1987 income;

36 (3) Since 1978, the federal share of municipal
37 and county revenues has declined some 30% as
38 compared to the federal share of state revenues
39 which has

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1 declined 6%. The State is able to adjust to
2 declining federal revenue sharing by its diverse
3 revenue sources, while municipalities and counties
4 have had to depend exclusively on the property tax
5 which is considered a highly regressive tax; and

6 (4) In the last decade, municipalities and
7 counties have had to substantially increase their
8 funding of education, jails, highways and other
9 expensive infrastructure improvements financed by
10 local property taxes which many residents cannot
11 afford. This situation is made more difficult for
12 state citizens by the loss of higher paying
13 manufacturing jobs and their replacement of lower
14 paying service sector jobs. In addition, rising
15 property values also increase the tax burden of
16 state citizens.

17 This property tax relief plan will render
18 assistance to that segment of government hardest
19 hit by 10 years of federal fiscal retrenchment of
20 general revenue.

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Filed by Rep. Crowley of Stockton Springs
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