

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

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Legislative Document

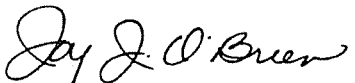
No. 1699

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S.P. 605

In Senate, May 24, 1989

Reference to the Committee on Taxation suggested and ordered printed.

  
JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator COLLINS of Aroostook.

Cosponsored by Representative WHITCOMB of Waldo, Representative SEAVEY of Kennebunkport and Representative JACKSON of Harrison.

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STATE OF MAINE

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

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An Act to Relieve the Burden of Property Taxes Through Creation of the Property Tax Relief Fund.

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

3 30-A MRSA §5683 is enacted to read:

5 §5683. Property tax relief

7 1. Scope. This section establishes a revenue-sharing  
9 program that distributes surplus funds from the General Fund  
11 during times of prosperity to municipalities experiencing an  
13 inordinate amount of growth. The revenue-sharing funds are  
15 specifically dedicated to assisting these municipalities in  
17 meeting the unusually high costs associated with the capital  
19 construction and infrastructure necessary to accommodate growth  
21 and development.

23 2. Definitions. For the purposes of computing the revenue  
25 distributions from the Property Tax Relief Fund, the following  
27 terms have the following meanings.

29 A. "Population" means the population as determined by the  
31 latest federal decennial census or the population as  
33 determined and certified by the Department of Human  
35 Services, whichever is more recent. For the purposes of  
37 this section, the department is authorized and required to  
39 determine the population of each municipality at least once  
41 every year.

43 3. Property Tax Relief Fund established. There is  
45 established the Property Tax Relief Fund for the purpose of  
47 distributing unanticipated surplus revenues accruing in the  
49 General Fund to municipalities experiencing high rates of  
51 population growth. The purpose of the fund is to assist  
municipalities in meeting their infrastructure needs.

The State Controller shall at the close of each fiscal year  
transfer from the unappropriated surplus of the General Fund to  
the Property Tax Relief Fund an amount not to exceed 1/2 of the  
balance remaining after all other required transfers have been  
made from the excess of total General Fund revenues received over  
accepted estimates in that fiscal year.

General Fund revenue estimates may be made once during the First  
Regular Session of the Legislature and adjustments to these  
accepted revenue estimates may be made once during the Second  
Regular Session of the Legislature without mandatory transfer of  
funds to the Property Tax Relief Fund. If adjustments are made  
to those initial estimates presented to each regular session of  
the Legislature, an amount equal to 1/2 of the excess of the  
estimated revenue over the amounts required by law to be set  
aside for other purposes must be appropriated to the Property Tax  
Relief Fund.

1  
3 The fund shall not exceed \$25,000,000 and shall not lapse, but  
shall remain a continuing carrying account to carry out the  
5 purpose of this section.

7 4. Distributions from Property Tax Relief Fund. Money  
credited to the Property Tax Relief Fund shall be distributed to  
9 each municipality in an amount equal to the ratio of the  
population in each municipality to the population in the State as  
11 a whole.

13 5. Restrictions on use of funds. Funds distributed to  
municipalities pursuant to this section shall be expended only  
15 after the municipal legislative body has authorized the  
expenditure in the annual municipal budget. Funds shall be  
17 expended only for the following purposes:

19 A. For capital construction and improvements, land  
acquisitions, capital equipment acquisitions or other  
21 nonrecurring purposes;

23 B. For purposes for which bonds have been previously  
authorized but not yet issued, in order to eliminate the  
25 need to incur the indebtedness; and

27 C. For the local share of state, federal or privately  
financed capital construction and improvement projects.

29 6. Treasurer of State. The Treasurer of State shall  
31 distribute the balance in the Property Tax Relief Fund as of July  
1, 1989, on or before September 15, 1989, and thereafter the  
33 balance in the fund on July 1st of each year shall be distributed  
on or before September 15th of each following year.

35  
37 **STATEMENT OF FACT**

39 A growing population and expanding economic base place  
41 disproportionate demands on municipalities for the capital  
43 construction and related infrastructure necessary to support  
45 additional municipal services. Municipalities faced with unusual  
growth and development are dependent on the property tax to fund  
the costs of additional capital construction and infrastructure  
and have limited fiscal alternatives to help address these costs.

47 Accordingly, this bill establishes the Property Tax Relief  
49 Fund for the purpose of providing property tax relief to  
51 municipalities. Each year, an amount equal to 1/2 of  
53 unanticipated surplus revenues, up to a ceiling of \$25,000,000,  
is allocated to the fund and disbursed to municipalities on a per  
capita basis for the purpose of financing municipal capital  
expenditures and thus reducing local property taxes.