

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

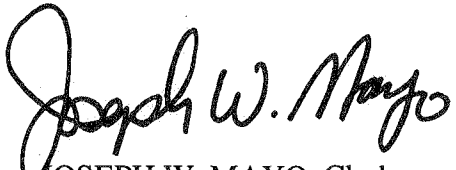
No. 511

H.P. 366

House of Representatives, January 28, 1997

An Act to Decrease Property Tax.

Reference to the Committee on Taxation suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative WINN of Glenburn.

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

2
3 **Sec. 1. 36 MRSA §5111-B**, as enacted by PL 1995, c. 368, Pt.
4 VV, §1, is amended to read:

6 **§5111-B. Revenue targeting**

8 1. **Definitions.** As used in this section, unless the
9 context otherwise indicates, the following terms have the
10 following meanings.

12 A. ~~"Adjustment factor" means a number applicable to a tax~~
13 ~~year determined by dividing the target revenue for the~~
14 ~~numerically identical fiscal year by the tax revenue for~~
15 ~~that fiscal year, rounded to the nearest 1/1,000.~~

16 B. "Target revenue" means \$676,230,000 for fiscal year
17 1997-98 and for subsequent fiscal years.

18 C. "Tax revenue" means undedicated General Fund individual
19 income tax revenue arising pursuant to this Part.

20
21 2. **Rate adjustment.** Annually, by September 15th, the State
22 Tax Assessor shall determine for the current tax year whether tax
23 revenue for the fiscal year ending the prior June 30th exceeded
24 the target revenue. ~~If target revenue was exceeded, the State~~
25 ~~Tax Assessor shall adjust the tax rates as specified in the tax~~
26 ~~rate tables in section 5111, as adjusted for the prior tax year~~
27 ~~pursuant to this section, by multiplying the percentage rates by~~
28 ~~the current tax year's adjustment factor. The State Tax Assessor~~
29 ~~may not adjust the rates for single individuals and married~~
30 ~~persons filing separate returns with taxable income of \$30,000 or~~
31 ~~more, for unmarried individuals or legally separated individuals~~
32 ~~who qualify as heads of households with taxable income of \$45,000~~
33 ~~or more, and for individuals filing married joint returns or~~
34 ~~surviving spouses permitted to file a joint return with taxable~~
35 ~~income of \$60,000 or more.~~

36
37 3. **Revenue Targeting Fund.** The Revenue Targeting Fund is
38 established to carry out the purposes of this section. For
39 fiscal year 1997-98 and for each subsequent fiscal year up to and
40 including the fiscal year ending during the calendar tax year in
41 which the limitation pursuant to subsection 4 is reached, tax
42 revenue exceeding \$676,230,000 must be deposited to the Revenue
43 Targeting Fund, the balance of which ~~does not lapse but carries~~
44 ~~to the subsequent fiscal year must first be used to pay an amount~~
45 equal to 5% above the amount each school administrative unit
46 received for general purpose aid for education in the previous
47 year. The remainder must be placed in the Local Government Fund
48 to be distributed pursuant to Title 30-A, section 5681. Tax year
49
50

2 1998 and subsequent tax year individual income tax refunds must
4 be paid from this fund until the fund balance carried forward
from the prior fiscal year is reduced to zero.

6 4. Limitation. The cumulative rate reduction attributable
8 to this section may not exceed 20% of the tax year 1994 rates.
10 In any fiscal year in which the determination is made pursuant to
section 1811 that the fiscal year just completed General Fund
12 revenues exceed those of the prior fiscal year by 8% or more, no
rate adjustment pursuant to subsection 2 is made revenue may be
deposited in the Revenue Targeting Fund.

14 5. Rounding. Adjustments in tax rates arising pursuant to
16 this section are rounded to the nearest 1/10 of a percent, and
the total dollar amount of the tax on taxable income equal to the
18 lower limit of the income brackets is rounded to the nearest
dollar.

20 SUMMARY

22 This bill uses any transfers to the Revenue Targeting Fund
24 to reduce property taxes rather than income tax rates. This is
accomplished first by making payments to each school
26 administrative unit and those payments will increase 5% each
year. Any balance in the Revenue Targeting Fund must be used to
reduce taxes through the municipal revenue-sharing program.