

# MAINE STATE LEGISLATURE

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DATE: *March 13, 1998*

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STATE OF MAINE  
SENATE  
118TH LEGISLATURE  
SECOND REGULAR SESSION

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 1589, L.D. 2219, Bill, "An Act to Reduce Income and Property Taxes"

Amend the amendment by striking out everything after the title and before the 2nd paragraph before the fiscal note and inserting in its place the following:

'Amend the bill by inserting after section 1 the following:

'Sec. 2. 30-A MRSA §5681-A is enacted to read:

§5681-A. High burden state-municipal revenue sharing

1. Definitions. As used in this section, the terms "population" and "property tax burden" have the same meanings as in section 5681.

2. High Burden Revenue Sharing Fund. To assist municipalities with a high property tax burden, there is established the High Burden Revenue Sharing Fund.

3. Sharing the High Burden Revenue Sharing Fund. Money credited to the High Burden Revenue Sharing Fund must be distributed on the basis of a formula that provides a varying amount of per capita revenue sharing aid to municipalities based upon the comparative tax burden of each municipality. Those municipalities having a greater property tax burden receive a larger per capita revenue sharing distribution.

The portion of the High Burden Revenue Sharing Fund to be distributed to each municipality must be in proportion to the product of the population of the municipality multiplied by that portion of the municipality's property tax burden that exceeds .10.

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4. Treasurer of State. An amount equal to 2% of the receipts from taxes imposed under Title 36, Parts 3 and 8 and credited to the General Fund must be transferred by the Treasurer of State to the High Burden Revenue Sharing Fund on the first day of each month beginning August 1, 1998.

5. Plantations and unorganized territory. For purposes of state-municipal revenue sharing, plantations and the unorganized territory must be treated as if they were municipalities.

6. Indian territory. For purposes of state-municipal revenue sharing, the Passamaquoddy Tribe and the Penobscot Nation Indian territories must be treated as if they were municipalities. In the absence of a levy of real and personal property taxes in either or both Indian territories, the property tax assessment is computed by multiplying the state valuation for the Indian territory for the period for which revenue sharing is being determined by the most current average equalized property tax rate of all municipalities in the State at that time as determined by the State Tax Assessor.'

Further amend the bill by striking out all of section 4 and inserting in its place the following:

'Sec. 4. Allocation. The following funds are allocated from the High Burden Revenue Sharing Fund to carry out the purposes of this Act.

**1998-99**

**TREASURER OF STATE, OFFICE OF THE  
High Burden Revenue Sharing Fund**

All Other \$31,839,000

Allocates funds to authorize the distribution of the funds set aside in the High Burden Revenue Sharing Fund.'

**FISCAL NOTE**

This amendment will decrease the combined total cost of the bill to the General Fund and the Tax Relief Fund for Maine Residents by \$20,098,344 in fiscal year 1998-99, \$16,911,278 in fiscal year 1999-2000 and \$17,956,074 in fiscal year 2000-01.

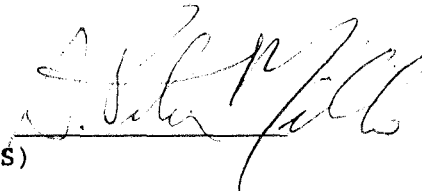
2 The elimination of the homestead exemption will decrease  
4 General Fund appropriations and future General Fund costs. The  
6 reductions of General Fund revenue, Tax Relief Fund for Maine  
8 Residents revenue and dedicated revenue to the Local Government  
Fund for state-municipal revenue sharing will be increased as a  
result of the elimination of the offset from the savings in  
itemized deductions in individual income taxes.

10 This amendment will set aside funds in the High Burden  
12 Revenue Sharing Fund. The amounts are estimated to be  
14 \$30,664,326 in fiscal year 1998-99, \$34,404,044 in fiscal year  
1999-2000 and \$35,889,270 in fiscal year 2000-01.

### 16 SUMMARY

18 This amendment removes the provisions of Committee Amendment  
20 "A" that provide for a Maine resident homestead property tax  
exemption.

22 The amendment provides for additional state-municipal  
24 revenue sharing directed at municipalities with a high local tax  
burden. The additional revenue sharing is funded by directing an  
26 additional 2% of state sales and income taxes to a fund set up  
for this purpose. The funds are apportioned among municipalities  
28 based upon their local property tax burden that exceeds 10 mills.

30  
32 SPONSORED BY:   
34 (Senator MILLS)

36 COUNTY: Somerset