

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

SECOND REGULAR SESSION-2000

Legislative Document

No. 2541

S.P. 988

In Senate, February 8, 2000

**An Act to Provide Revenue Sharing to Relieve the Municipal Service
Component of the Property Tax.**

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule
203.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MILLS of Somerset.

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

2
3 **Sec. 1. 30-A MRSA §5681, sub-§2, ¶C** is enacted to read:

4
5 C. "Service tax burden" is a quotient formed as follows.
6 The numerator is the total real and personal property taxes
7 assessed in the most recently completed municipal fiscal
8 year, less the amount calculated for that year as the
9 municipality's share of the local contribution to the
10 foundation allocation and debt service allocation as
11 required by Title 20-A, chapters 606 and 606-A. The
12 denominator is the municipality's latest state valuation
13 certified to the Secretary of State.

14
15 **Sec. 2. 30-A MRSA §5681, sub-§4,** as amended by PL 1989, c.
16 104, Pt. C, §§8 and 10, is further amended to read:

17 **4. Sharing the Local Government Fund.** Money credited to
18 the Local Government Fund shall must be distributed on the basis
19 of a formula which provides a varying amount of per capita
20 revenue sharing aid to communities based upon the comparative tax
21 burden of each municipality. Those municipalities having a
22 greater property tax burden would receive a larger per capita
23 revenue-sharing distribution.
24

25 The portion of the Local Government Fund to be distributed to
26 each municipality shall must be in proportion to the product of
27 the population of the municipality multiplied by the property tax
28 burden of the municipality.

29 This subsection is repealed January 1, 2001.

30
31 **Sec. 3. 30-A MRSA §5681, sub-§4-A** is enacted to read:

32
33 **4-A. Sharing the Local Government Fund.** The portion of the
34 Local Government Fund distributed to each municipality must be
35 distributed as follows: 1/2 in proportion to the product of the
36 population of the municipality multiplied by the property tax
37 burden of the municipality; and the other half in proportion to
38 the product of the population of the municipality multiplied by
39 the service tax burden of the municipality.

40
41 This subsection takes effect January 1, 2001.

42
43 **Sec. 4. 30-A MRSA §5681, sub-§5,** as amended by PL 1999, c.
44 528, §1, is further amended to read:

45 **5. Treasurer of State.** An amount equal to 5.1% of the
46 receipts from the taxes imposed under Title 36, Parts 3 and 8,
47 and credited to the General Fund must be transferred by the
48
49
50

2 Treasurer of State to the Local Government Fund on the first day
of each month beginning August 1, 1992 and ending December 31,
3 2000.

4
5 The amounts credited to the fund under this section must be
6 calculated on the total amount of the receipts from the taxes
7 imposed under Title 36, Parts 3 and 8 and credited to the General
8 Fund without any reduction, including any reduction attributable
9 to, or caused by Title 36, section 1811. This section must be
10 construed to take precedence over any provision that purports to
11 reduce the amounts to be credited to the fund.

12
13 Notwithstanding the provisions of Title 5, section 1513 in fiscal
14 year 1999-00, the State Controller shall transfer to the Local
15 Government Fund an additional amount of \$1,152,347 from the Maine
16 Rainy Day Fund. This amount must be transferred on or near
17 October 1, 1999 so that it can be included in the amounts to be
18 distributed on October 20, 1999.

19
20 The Treasurer of State shall distribute the balance in the Local
21 Government Fund on the 20th day of each month.

22
23 This subsection is repealed January 1, 2001.

24
25 **Sec. 5. 30-A MRSA §5681, sub-§5-B is enacted to read:**

26
27 **5-B. Treasurer of State.** An amount equal to 6% of the
28 receipts from the taxes imposed under Title 36, Parts 3 and 8 and
29 credited to the General Fund must be transferred by the Treasurer
30 of State to the Local Government Fund on the first day of each
31 month beginning January 1, 2001.

32
33 The Treasurer of State shall distribute the balance in the Local
34 Government Fund on the 20th day of each month.

35
36 This subsection takes effect January 1, 2001.

37
38
39 **SUMMARY**

40
41 This bill provides revenue sharing to relieve the municipal
42 service component of the property tax. The bill increases the
43 revenue sharing from 5.1% to 6%. The bill provides municipal
44 revenue sharing that distributes sales and income tax revenue in
45 proportion to municipal costs only, without regard to the school
46 funding component of the local property tax.

47
48 This Act takes effect January 1, 2001.