

# MAINE STATE LEGISLATURE

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L.D. 2602

DATE: 4-3-00

(Filing No. H-1015)

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
119TH LEGISLATURE  
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "B" to I.B. 6, L.D. 2602, Bill, "An Act to Repeal the Sales Tax on Snack Food Except Candy and Confections"

Amend the bill by striking out the title and substituting the following:

'An Act to Clarify the Definition of Snack Food Subject to Sales Tax and to Provide Further Tax Relief'

Further amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 30-A MRSA §5681-A is enacted to read:

§5681-A. Disproportionate tax burden revenue sharing

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

A. "Disproportionate tax burden" means the total real and personal property taxes assessed in the most recently completed municipal fiscal year, except the taxes assessed on captured value within a tax increment financing district, divided by the latest state valuation certified to the Secretary of State and reduced by .01.

2           B. "Fund" means the Disproportionate Tax Burden Fund.

4           C. "Population" means the population of a municipality of  
6           the State as determined by the latest Federal Decennial  
8           Census or as determined and certified by the Department of  
10           Human Services, whichever is later. For the purposes of  
12           this section, the Department of Human Services shall  
14           determine the population of each municipality at least once  
16           every 2 years.

18           2. Disproportionate Tax Burden Fund. The Disproportionate  
20           Tax Burden Fund is established to provide additional support  
22           beyond the sharing of revenues provided in section 5681 to  
24           municipalities experiencing a higher than average property tax  
26           burden as a result of service center responsibilities, the  
28           relatively low taxable value of property in the municipality or  
30           other factors.

32           3. Sharing fund. Money credited to the fund must be  
34           distributed on the basis of a formula that provides a varying  
36           amount of per capita revenue-sharing aid to municipalities based  
38           on the disproportionate tax burden of the municipality. The  
40           portion of the fund distributed to each municipality must be in  
42           proportion to the product of the population of the municipality  
44           multiplied by the disproportionate tax burden of the municipality.

46           4. Treasurer of State. The Treasurer of State shall  
48           transfer to the fund on the first day of each month 0.7% of the  
50           receipts from the taxes imposed under Title 36, Parts 3 and 8 and  
52           credited to the General Fund.

54           The Treasurer of State shall distribute the balance in the fund  
56           on the 20th day of each month.

58           5. Plantations and unorganized territory. For purposes of  
60           this section, plantations and the unorganized territory must be  
62           treated as if they were municipalities.

64           6. Indian territory. For purposes of this section, the  
66           Passamaquoddy Tribe and the Penobscot Nation Indian territories  
68           must be treated as if they were municipalities. In the absence  
70           of a levy of real and personal property taxes in either or both  
72           Indian territories, the total real and personal property taxes  
74           assessed in the most recently completed municipal fiscal year is  
76           computed by multiplying the state valuation for the Indian  
78           territory for the relevant period by the most current average  
80           equalized property tax rate of all municipalities in the State at  
82           that time as determined by the State Tax Assessor.

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2           **Sec. 2. 36 MRSA §1752, sub-§3-B**, as amended by PL 1991, c.  
346, §17, is further amended to read:

4           **3-B. Grocery staples.** "Grocery staples" means food  
6 products ordinarily consumed for human nourishment and includes,  
8 but is not limited to, cereals and grain products, including  
10 bread, rolls and unflavored matzo; milk and milk products;  
12 oleomargarine; meat and meat products; fish and seafood products;  
14 poultry; eggs and egg products; vegetables and vegetable  
products, including pickles; fruit and fruit products, including  
fruit juices and fruit sauces; naturally flavored powdered or  
liquid drink mixes or drinks; spices, condiments, including jams,  
jellies and peanut butter, salt and sugar; coffee and tea; and  
unroasted nuts.

16 "Grocery staples" does not include spirituous, malt or vinous  
18 liquors; soft drinks, iced tea, sodas or beverages such as are  
20 ordinarily dispensed at bars or soda fountains or in connection  
with bars or soda fountains; medicines, tonics, vitamins and  
22 preparations in liquid, powdered, granular, tablet, capsule,  
lozenge or pill form, sold as dietary supplements or adjuncts,  
24 except when sold on the prescription of a physician; water,  
including mineral bottled and carbonated waters and ice; dietary  
substitutes; snack food; candy and confections; and prepared food.

26           **Sec. 3. 36 MRSA §1752, sub-§14-C**, as enacted by PL 1991, c.  
28 591, Pt. WW, §2 and affected by §4, is amended to read:

30           **14-C. Snack food.** "Snack food" means any item that is  
32 ordinarily sold for consumption without further preparation or  
that requires no preparation other than combining the item with a  
liquid; that may be stored unopened without refrigeration, except  
34 that ice cream, ice milk, frozen yogurt and sherbet are snack  
foods; that is not generally considered a major component of a  
36 well-balanced meal; and that is not defined in this section as a  
grocery staple. "Snack food" includes, but is not limited to,  
38 corn chips, potato chips, processed fruit snacks, fruit rolls,  
fruit bars, popped popcorn, pork rinds, pretzels, cheese sticks  
40 and cheese puffs, granola bars, breakfast bars, bread sticks,  
roasted nuts, doughnuts, cookies, crackers, pastries, toaster  
42 pastries, croissants, cakes, pies, ice cream cones, marshmallows,  
marshmallow creme, artificially flavored powdered or liquid drink  
44 mixes or drinks, popsicles, ice cream or ice milk novelties, ice  
cream or ice milk in cones or cups, sundaes, frappes, ice cream  
46 sauces including chocolate sauce, ready-to-eat puddings, beef  
jerky, meat bars and dips.

48           **Sec. 4. Legislative intent.** It is the intent of the Legislature  
50 that this Act constitutes a competing measure under

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the terms of the Constitution of Maine, Article IV, Part Third,  
Section 18.

**Sec. 5. Allocation.** The following funds are allocated from  
Other Special Revenue funds to carry out the purposes of this Act.

**2000-01**

**TREASURER OF STATE, OFFICE OF THE  
Disproportionate Tax Burden Fund**

All Other \$7,393,440

Allocates funds to authorize the  
distribution of revenue set aside in the  
Disproportionate Tax Burden Fund to  
municipalities and for computer programming  
costs to implement this new distribution to  
municipalities.'

Further amend the bill by inserting at the end before the  
summary the following:

**FISCAL NOTE**

**2000-01**

**APPROPRIATIONS/ALLOCATIONS**

Other Funds \$7,393,440

**REVENUES**

General Fund (\$9,662,107)  
Other Funds 9,662,107

This is an initiated bill that has been amended and must be  
submitted to the voters. The estimated cost of sending this bill  
and any competing bills out to referendum will vary according to  
the total number of referenda to be submitted to the voters in  
November. The estimated cost to the Secretary of State if one to  
6 referenda are submitted is \$121,392. Each additional  
referendum costs an additional \$8,000.

If approved by the voters, this bill will set aside in the  
Disproportionate Tax Burden Fund \$9,662,107 in fiscal year  
2000-01, \$15,552,777 in fiscal year 2001-02 and \$16,498,034 in  
fiscal year 2002-03. These additional set asides similar to

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2 state-municipal revenue sharing will decrease General Fund  
3 revenue by these same amounts. The Office of the Treasurer of  
4 State will incur additional costs of approximately \$5,000 in  
5 fiscal year 2000-01 for computer programming to implement the  
6 distribution from the Disproportionate Tax Burden Fund with a  
7 different formula. These costs will be paid from the amounts set  
8 aside in the Disproportionate Tax Burden Fund. An allocation of  
9 \$7,393,440, an estimate of the amounts available for distribution  
10 in fiscal year 2000-01, is included to provide authorization for  
11 the expenditure of these new dedicated revenues. This estimate  
12 assumes an effective date of late December 2000. If sufficient  
13 resources are not available to offset the loss of General Fund  
14 revenue resulting from the additional set aside in the  
15 Disproportionate Tax Burden Fund, the effective date will be  
16 delayed until late January 2001.'

17 **SUMMARY**

18 This amendment is the minority report of the committee. The  
19 amendment presents a competing measure to the original initiated  
20 bill. Under the provisions of the Constitution of Maine, Article  
21 IV, Part Third, Section 18, this measure will be submitted to the  
22 voters at the same time as the initiated bill so that the people  
23 can choose between the 2 measures or reject both.  
24

25 This amendment retains and clarifies the sales tax on snack  
26 foods and provides a substitute form of tax reduction. The  
27 amendment provides for property tax reduction by requiring that  
28 the amount of General Fund revenue that would be lost by repeal  
29 of the snack tax would instead be used to reduce property taxes.  
30 Property tax reduction would be achieved by dedicating an  
31 additional 0.7% of sales and income tax revenue to a new  
32 revenue-sharing fund that would be distributed to all  
33 municipalities with a property tax mill rate in excess of 10  
34 mills. This new revenue-sharing fund would be in addition to the  
35 current revenue-sharing system and would provide approximately an  
36 additional \$16,000,000 to \$17,000,000 per year for municipalities  
37 with disproportionately high property tax mill rates.  
38

39 This amendment also adds a fiscal note to the bill.  
40