

MAINE STATE LEGISLATURE

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2 of 8

L.D. 2086

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DATE: 4-4-02

(Filing No. H-1088)

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the House.

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
SECOND REGULAR SESSION**

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HOUSE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P.
1581, L.D. 2086, Bill, "An Act to Implement the Recommendations
of the Education Funding Reform Committee"

20 Amend the amendment by inserting after the first indented
paragraph the following:

22
'PART A'

24 Further amend the amendment by inserting after section 14
the following:

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'Sec. 15. Application. The sections of this Part that amend
the Maine Revised Statutes, Title 5, section 1513 and enact Title
5, section 1521 apply to fiscal years beginning with fiscal year
2003-04.

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PART B

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Sec. B-1. Report legislation. During the First Regular Session
of the 121st Legislature, the joint standing committee of the
Legislature having jurisdiction over taxation matters shall
report out legislation to increase by 1% the sales tax and to
return those funds to the community in which they were collected
to be used for school funding or for property tax relief.

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PART C'

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Further amend the amendment by striking out all of sections
15 and 16 (page 8, lines 23 to 51 and page 9, lines 1 to 21 in
amendment) and inserting in their place the following:

HOUSE AMENDMENT

2 **Sec. 15. Statutory referendum procedure; submission at general**
3 **election; form of question; effective date.** This Act must be submitted
4 to the legal voters of the State of Maine at the next general
5 election in the month of November following passage of this Act.
6 The municipal officers of this State shall notify the inhabitants
7 of their respective cities, towns and plantations to meet, in the
8 manner prescribed by law for holding a statewide election, to
9 vote on the subject matter of this Act by voting on the following
10 questions:

12 Option A: "If an amendment to the Constitution of Maine is
13 approved permitting the Legislature to establish different
14 maximum property tax rates for different classes of
15 property, do you favor ratifying the action of the 120th
16 Legislature whereby it passed an Act establishing a maximum
17 property tax rate of 12 mills for secondary residential
18 property and 6 mills for all other property, based on
19 equalized state valuation, for the purpose of supporting
20 public education from kindergarten to grade 12 and directing
21 the taxation committee of the 121st Legislature to report
22 out legislation to increase the sales tax on meals and
23 lodging to 8%, expand the sales tax base to include services
24 for the purpose of adequately funding public education from
25 kindergarten to grade 12 and address the progressivity of
26 the income tax?"

28 Option B: "Do you favor increasing the sales tax by 1¢ and
29 returning those funds to the communities in which they were
30 collected to be used for school funding or for property tax
31 relief?"

32 The legal voters of each city, town and plantation shall
33 vote by ballot on these questions, and shall designate their
34 choice next to either Option A or Option B or an option against
35 both Option A and Option B. The ballots must be received,
36 sorted, counted and declared in open ward, town and plantation
37 meetings and returns made to the Secretary of State in the same
38 manner as votes for members of the Legislature. The Governor
39 shall review the returns and, if it appears that a majority of
40 the legal votes are cast in favor of Option A, the Governor shall
41 proclaim that fact without delay, and Part A of this Act takes
42 effect 30 days after the date of the proclamation only if the
43 Governor has by that date also proclaimed that the Constitution
44 of Maine has been amended to permit the Legislature to establish
45 different maximum property tax rates for different classes of
46 property for the purpose of funding public education from
47 kindergarten to grade 12. If it appears that a majority of the
48 legal votes are cast in favor of Option B, the Governor shall
49 proclaim that fact without delay, and Part B of this Act takes
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HOUSE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1581,
L.D. 2086

effect 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Act necessary to carry out the purpose of this referendum.'

Further amend the amendment by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

FISCAL NOTE

This amendment adds one additional referendum question to be submitted to the voters in November. The estimated cost of sending this referendum will vary according to the total number of referenda enacted during the Second Regular Session of the 120th Legislature to be submitted to the voters in November. The estimated cost to the Secretary of State if one to 6 referenda are enacted is \$121,392. Each additional referendum above the 6-question threshold costs an additional \$8,000.

If approved by the voters, the Legislature is required to report out legislation to increase the general sales tax rate from 5% to 6% and the rate on meals and lodging from 7% to 8% and return the proceeds to the community in which they were collected. It is not known whether such an increase would become effective during fiscal year 2002-03; therefore, the fiscal impact in this current biennium can not be determined at this time. If such an increase were effective beginning July 1, 2003, sales tax collections would increase by \$167,654,000 in fiscal year 2003-04 and \$176,758,000 in fiscal year 2004-05. The increase of these tax collections will increase the amounts transferred to the Local Government Fund for state-municipal revenue sharing in those fiscal years by \$8,718,008 and \$9,191,416, respectively. The resulting net increase of revenue of \$158,935,992 in fiscal year 2003-04 and \$167,566,584 in fiscal year 2004-05 will be returned to the communities in which they were collected.

The Bureau of Revenue Services within the Department of Administrative and Financial Services will require an additional General Fund appropriation in fiscal year 2002-03 for the administrative expenses associated with a certain tax increase and revenue distribution process. The amount of this administrative expense can not be determined at this time but is expected to be significant.

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SUMMARY

This amendment adds an alternative option designed to raise additional revenues for education. Under this amendment, an alternative question will be presented to the voters of the State that will allow them to approve increasing the sales tax by 1¢ and returning those funds to the communities in which they were collected to be used for school funding or for property tax relief.

SPONSORED BY: 
(Representative LEMOINE)

TOWN: Old Orchard Beach