

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

SECOND REGULAR SESSION-2002

Legislative Document

No. 2087

H.P. 1582

House of Representatives, January 22, 2002

RESOLUTION, Proposing an Amendment to the Constitution of Maine to Allow the Legislature to Establish Classes of Property for Purposes of Taxation and to Exempt Personal Property from Taxation if there is an Excise Tax on Certain Personal Property.

Reported by Representative GREEN for the Education Funding Reform Committee pursuant to Public Law 2001, chapter 439, Part SSS.

Reference to the Joint Standing Committee on Taxation suggested and printing ordered under Joint Rule 218.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

2
3 **Be it enacted by the People of the State of Maine as follows:**

4 **Constitutional amendment. Resolved:** Two thirds of each
5 branch of the Legislature concurring, that the following
6 amendment to the Constitution of Maine be proposed:

7 **Constitution, Art. IX, §8, first ¶** is amended to read:

8 **Section 8. Taxation.** All taxes upon real and--personal
9 estate, assessed by authority of this State, shall be apportioned
10 and assessed equally according to the just value thereof.

11 **Constitution, Art. IX, §8, sub-§§1-A and 1-B** are enacted to read:

12 **1-A. Property tax rates.** The Legislature may establish
13 maximum limits on property tax rates based on the status of
14 property after April 1, 2003, adjusted in the same manner as
15 state valuation, that may be assessed for the purposes of
16 financing public education from kindergarten to grade 12. The
17 Legislature may establish and define different classes of
18 property and may establish different maximum limits on property
19 tax rates for each class of property.

20 **1-B. Personal property.** All taxes on personal property
21 first owned or installed in this State on or before April 1, 2003
22 must be apportioned and assessed equally according to the just
23 value thereof. All personal property first owned or installed in
24 this State after April 1, 2003 is exempt from taxation as
25 personal property, as long as certain personal property as
26 defined by the Legislature is subject to an excise tax to be
27 collected and retained by municipalities. The base value of the
28 personal property subject to an excise tax must be the original
29 cost of the property when first purchased or installed in this
30 State. The Legislature shall establish a depreciating excise tax
31 mill rate schedule with a minimum rate with the goals of
32 balancing the State's interest in establishing a uniform, stable
33 and competitive industrial tax obligation compared to other
34 states, removing disincentives to replace or modernize business
35 machinery and equipment, and obtaining revenues from the personal
36 property excise tax base that the Legislature considers
37 reasonable to support municipal services and a fair share of the
38 cost of public education for kindergarten to grade 12.

39 ; and be it further

40 **Constitutional referendum procedure; form of question; effective**
41 **date. Resolved:** That the municipal officers of this State shall
42 notify the inhabitants of their respective cities, towns and
43 plantations to meet, in the manner prescribed by law

2 for holding a general election, at the next general election in
the month of November following passage of this resolution, to
4 vote upon the ratification of the amendment proposed in this
resolution by voting upon the following question:

6 "Do you favor amending the Constitution of Maine to permit
the Legislature to establish different maximum property tax
8 rates for different classes of property and to exempt
personal property from property tax as long as certain
10 personal property is subject to an excise tax to be
collected and retained by municipalities?"

12
14 The legal voters of each city, town and plantation shall
vote by ballot on this question and designate their choice by a
cross or check mark placed within the corresponding square below
16 the word "Yes" or "No." The ballots must be received, sorted,
counted and declared in open ward, town and plantation meetings
18 and returns made to the Secretary of State in the same manner as
votes for members of the Legislature. The Governor shall review
20 the returns and, if it appears that a majority of the legal votes
are cast in favor of the amendment, the Governor shall proclaim
22 that fact without delay and the amendment becomes part of the
Constitution on the date of the proclamation; and be it further

24
Secretary of State shall prepare ballots. Resolved: That the
26 Secretary of State shall prepare and furnish to each city, town
and plantation all ballots, returns and copies of this resolution
28 necessary to carry out the purpose of this referendum.

30

32 SUMMARY

34 This constitutional resolution is offered by the Education
Funding Reform Committee pursuant to Public Law 2001, chapter
439, Part SSS as part of a proposal presented by the committee to
36 reduce the State's reliance on the property tax for funding
public education. This constitutional resolution is accompanied
38 by separate legislation to implement the changes proposed in the
resolution and to provide further details of the proposal
40 developed by the committee for further consideration by the
Legislature. A minority of the committee recommends adoption of
42 the committee's proposal. A majority of the committee offers the
proposal for further consideration by the Legislature rather than
44 as recommendations of the substantive changes contained in the
committee's proposal.

46

48 This constitutional resolution would make 2 major changes in
the constitutional requirements related to the property tax. The
first change would permit the Legislature to establish classes of
50 property and impose different maximum rates on the local property

2 tax that could be imposed on each class of property for the
purposes of funding local education costs. The 2nd change would
4 exempt personal property from taxation as long as certain
personal property, as defined by the Legislature, is subject to
an excise tax to be collected and retained by municipalities.