

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

SECOND REGULAR SESSION-2002

Legislative Document

No. 2154

S.P. 799

In Senate, March 5, 2002

An Act to Change the Standard for Requesting an Adjustment to State Valuation Because of a Sudden and Severe Disruption of Valuation.

(EMERGENCY)

Reported by Senator GAGNON for the Joint Standing Committee on Taxation pursuant to Joint Order S.P. 770

Reference to the Committee on Taxation suggested and ordered printed pursuant to Joint Rule 218.

A handwritten signature in cursive script that reads "Pamela L. Cahill".

PAMELA L. CAHILL
Secretary of the Senate

2 **Emergency preamble.** Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and
4

6 **Whereas,** some municipalities have experienced a significant
decrease in municipal valuation; and

8 **Whereas,** there is a 2-year lag between a decrease in
municipal valuation and its incorporation into state valuation;
and
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12 **Whereas,** this lag presents a significant problem for those
municipalities' ability to raise sufficient revenues to fund
municipal services; and
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16 **Whereas,** the law provides a mechanism for municipalities to
request an adjustment to their state valuation if the reduction
in municipal valuation exceeds 5%; and
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20 **Whereas,** the 5% threshold for requesting adjustments to
state valuation is too high to provide relief to some
municipalities; and
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24 **Whereas,** it is necessary to change the threshold in time to
permit some municipalities to seek an adjustment this year under
a lower threshold; and
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28 **Whereas,** in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore,
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34 **Be it enacted by the People of the State of Maine as follows:**

36 **Sec. 1. 36 MRSA §208-A, sub-§2, ¶A,** as enacted by PL 1997, c.
688, §1, is amended to read:
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40 A. The municipality experiences an equalized net reduction
in valuation of at least 2% from the equalized valuation
that would apply without adjustment under this section. ~~The
42 net reduction must be at least 2% for valuations based on
the status of property on April 1, 1998 and 5% for
44 valuations in subsequent years;~~

46 **Emergency clause.** In view of the emergency cited in the
preamble, this Act takes effect when approved.
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FISCAL NOTE

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4 The additional costs associated with administering requests
6 for adjustments to state valuation due to the lowering of the
8 threshold from 5% to 2% can be absorbed by the Department of
10 Administrative and Financial Services, Maine Revenue Services
12 utilizing existing budgeted resources.

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10 There would be no fiscal impact to the operational funds of
12 the Department of Education and the Treasurer of State for fiscal
14 year 2002-03. Changes in state valuation would not affect the
16 amount available for distribution but would affect the
18 distribution of funds made from General Purpose Aid for Local
20 Schools and from the state-municipal revenue sharing program for
22 fiscal year 2003-04. The specific fiscal impact to school
24 administrative units and individual municipalities can not be
 determined at this time.

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SUMMARY

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24 This bill reduces the threshold for requesting an adjustment
 to state valuation due to a sudden and severe disruption of
 valuation from a net reduction in valuation of 5% to 2%.

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