

MAINE STATE LEGISLATURE

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L.D. 1141

DATE: 4-28-04

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STATE OF MAINE
SENATE
121ST LEGISLATURE
SECOND SPECIAL SESSION

SENATE AMENDMENT "A" to SENATE AMENDMENT "A" to H.P. 844, L.D. 1141, Bill, "An Act To Provide Property Tax Relief for Maine Residents and Businesses and Implement Comprehensive Tax Reform"

Amend the amendment in Part A by striking out all of section 4 and inserting in its place the following:

'Sec. A-4. Contingent effective date. This Part takes effect August 1, 2004 only if the voters ratify the referendum as provided in Part K of this Act.'

Further amend the amendment in Part C in section 6 by striking out all of the last 13 lines (page 10, lines 26 to 42 in amendment)

Further amend the amendment by inserting after Part J the following:

PART K

Sec. K-1. Statutory referendum procedure; submission at statewide election; form of question; effective date. This Act takes effect when approved only for the purpose of permitting its submission to the legal voters of the State at a statewide election held on the Tuesday following the first Monday of June following passage of this Act. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Act by voting on the following question:

2 "Do you favor raising the sales tax by 1% and dedicating all
4 the proceeds to fund education and provide property tax
relief?"

6 The legal voters of each city, town and plantation shall
8 vote by ballot on this question and designate their choice by a
cross or check mark placed within a corresponding square below
10 the word "Yes" or "No." The ballots must be received, sorted,
counted and declared in open ward, town and plantation meetings
12 and returns made to the Secretary of State in the same manner as
votes for members of the Legislature. The Governor shall review
14 the returns and, if it appears that a majority of the legal votes
are cast in favor of the Act, the Governor shall proclaim that
16 fact without delay, and except as otherwise provided the Act
takes effect 30 days after the date of the proclamation.

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

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SUMMARY

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26 This amendment adds a statutory referendum on a 1% sales-tax
increase. The referendum is to be held in June. The amendment
28 also strikes that part of the appropriations and allocations
section that provides funds to reimburse municipalities for the
local cost associated with changes to the homestead exemption.

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FISCAL NOTE REQUIRED (See attached)

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SPONSORED BY: Styl I Stanley
(Senator STANLEY)

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COUNTY: Penobscot

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**121st Maine Legislature
Office of Fiscal and Program Review**

**LD 1141**

**An Act to Provide Property Tax Relief for Maine Residents and
Businesses and Implement Comprehensive Tax Reform**

LR 0392(08)

Fiscal Note for Senate Amendment 'A' to Senate Amendment 'A'

Sponsor: Sen. Stanley

Fiscal Note Required: Yes

Fiscal Note

Referendum Costs - June 2004

Fiscal Detail and Notes**Referendum Costs**

Month/Year	Election Type	Question Type	Question Length
Jun-04	Special	Referendum	Standard

The Secretary of State's budget currently includes sufficient funds for a referendum question at the special election in June 2004.

If approved by the voters in June 2004, this bill will have the following fiscal impact:

	2003-04	2004-05	Projections 2005-06	Projections 2006-07
General Fund Appropriations				
Increase homestead exemption to \$11,000, no tier		\$26,916,336	\$27,399,700	\$27,902,963
Mainely Small Business Capital Fund (FAME)		\$6,000,000	\$6,000,000	\$6,000,000
Tree Growth Reimbursement		\$100,000	\$102,000	\$104,040
Administrative costs		\$374,683	\$334,385	\$351,104
Total General Fund Appropriations	\$0	\$33,391,019	\$33,836,085	\$34,358,107
General Fund Revenue				
Homestead Property Tax Cap Program		(\$25,291,220)	(\$26,248,785)	(\$28,089,585)
Small Business Job Creation Tax Refund		(\$3,796,000)	(\$3,792,000)	(\$3,792,000)
Individual income tax - property tax reimbursement		\$293,578	\$330,759	\$331,952
Total General Fund Revenue	\$0	(\$28,793,642)	(\$29,710,026)	(\$31,549,633)
Total General Fund Costs (Savings)		\$62,184,661	\$63,546,111	\$65,907,740
Transfers to Offset General Fund Costs		(\$62,184,661)	(\$63,546,111)	(\$65,907,740)
Net Costs to General Fund	\$0	\$0	\$0	\$0

	2003-04	2004-05	Projections 2005-06	Projections 2006-07
Disproportionate Tax Burden Fund - Increases (Decreases) to Balance				
Sales tax to 6% *		\$5,892,504	\$6,965,800	\$7,298,227
Homestead Property Tax Cap		(\$1,359,170)	(\$1,439,807)	(\$1,540,777)
Small Business Job Creation Tax Refund		(\$204,000)	(\$208,000)	(\$208,000)
Individual income tax - property tax reimbursement		\$15,777	\$18,143	\$18,208
Net Increase (Decrease)	\$0	\$4,345,111	\$5,336,136	\$5,567,653
Education Funding Stabilization Fund (EFSF) - Increases (Decreases) to Balance				
Sales tax to 6% - Net *		\$109,646,796	\$126,991,900	\$133,052,237
Transfers to General Fund		(\$62,184,661)	(\$63,546,111)	(\$65,907,740)
Allocation to General Purpose Aid for Local Schools		(\$29,163,745)		
Net Balance Remaining in EFSF	\$0	\$18,298,390	\$63,445,789	\$67,144,497

* Reflects August 1, 2004 effective date and excludes sales affected by LD 1919 Part V.

Conflicts with LD 1919 - 2004-2005 Supplemental Budget Bill

The estimates included in this fiscal note reflect the impact of the bill as amended by this amendment and attempt to anticipate the interaction effects of this bill as amended and LD 1919, the 2004-2005 Supplemental Budget Bill, as amended by Committee Amendment "A".

The additional sales tax revenue generated by the 1% increase is reduced as a result of LD 1919 Part V, which changes the sales tax base by moving certain taxable sales to a service provider tax. If LD 1919 Part V is not enacted the revenue that would accrue to the Education Funding Stabilization Fund and the Disproportionate Tax Burden Fund in this bill would be increased.

This bill also does not reflect the deappropriation in fiscal year 2004-05 as a result of the change of the treatment of the Maine Residents Property Tax Program (or "circuit breaker" program) as reductions of individual income tax revenue rather than a General Fund appropriation. If LD 1919 is not enacted, a deappropriation from the Maine Residents Property Tax Program will be required and the amount of the net change to General Fund revenue and the transfers to the Disproportionate Tax Burden Fund will be increased.

The General Purpose Aid for Local Schools statutory changes and language establishing the fiscal year 2004-05 distribution to municipalities assume that the additional \$15 million provided in LD 1919 Part N is also appropriated. If the amounts in LD 1919 are affected, the amounts included in this bill and the statutory and other language establishing the distribution will need to be revised accordingly.