

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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Legislative Document

No. 1169

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H.P. 866

House of Representatives, March 5, 2003

### An Act To Phase Out the Business Equipment Tax Reimbursement

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative TRAHAN of Waldoboro.

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

4 **Sec. 1. 36 MRSA §662** is enacted to read:

6 **§662. Certain business personal property**

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

10 **A. "Base General Fund revenue"** means General Fund revenue for the previous fiscal year adjusted by the increase in the Consumer Price Index as defined in section 5402, subsection 1 for the previous calendar year.

12 **B. "Projected General Fund revenue"** means the amount of projected General Fund revenue for the current fiscal year determined by the December 1st report of the Revenue Forecasting Committee under Title 5, section 1710-F, subsection 3.

14 **2. Exempt property.** An exemption is provided under this Part for a percentage of the just value of property that qualifies for reimbursement under chapter 915. Except as provided in subsection 5, the exempt percentage of just value is 25% for property tax years beginning on April 1, 2004, 50% of just value for property tax years beginning on April 1, 2005, 75% of just value for property tax years beginning on April 1, 2006 and 100% of just value for property tax years beginning after April 1, 2007.

16 **3. Reimbursement to municipalities.** The State shall reimburse municipalities for 100% of the property tax revenue loss suffered as a result of this section using the procedure specified in section 661.

18 **4. Business Equipment Tax Reimbursement Exemption Fund.** The Business Equipment Tax Reimbursement Exemption Fund, referred to in this section as "the fund," is established for the purposes of this section. Beginning December 15, 2003 and annually thereafter, the State Controller shall transfer to the fund an amount determined by subtracting the base General Fund revenue from the projected General Fund revenue for the fiscal year. Money in the fund does not lapse but is carried forward for the purposes of this section.

20 **5. Exempt percentage.** Before March 15th annually, the State Tax Assessor shall estimate the amount that will be transferred to the fund during the succeeding year. If the amount estimated is not sufficient to fund reimbursement of the

2 exemption specified under subsection 2, the State Tax Assessor  
3 shall determine the percentage of just value that can be  
4 reimbursed based on the amount transferred to the fund under  
5 subsection 4. The assessor shall notify municipalities of the  
6 exempt percentage that applies to the property tax year beginning  
7 on April 1st of the year of the transfer.

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## SUMMARY

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12 This bill provides for the replacement of the business  
13 equipment tax reimbursement program over 4 years or longer with a  
14 property tax exemption for personal property that would be  
15 eligible for reimbursement under the business equipment tax  
16 reimbursement program. Municipalities would be reimbursed for  
17 100% of the property tax revenue loss resulting from the  
18 exemption. Funding for municipal reimbursement would be set  
19 aside from the amount by which projected General Fund revenues  
20 exceed the previous fiscal year's revenues adjusted for  
21 inflation. If excess revenues are not estimated to be sufficient  
22 for full funding, the percentage of exempt value would be  
adjusted to reflect the amount available for municipal  
reimbursement.