MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 1421

S.P. 471

In Senate, March 25, 2003

An Act To Reduce Property Taxes

Reference to the Committee on Taxation suggested and ordered printed.

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator BRENNAN of Cumberland. Cosponsored by Senator: STRIMLING of Cumberland, Representatives: CUMMINGS of Portland, SUSLOVIC of Portland.

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

PART A

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- Sec. A-1. 36 MRSA §683, sub-§1, as enacted by PL 1997, c. 643, Pt. HHH, §3 and affected by §10, is amended to read:
- Exemption amount. The estate up to the just value of \$7,000 \$20,000 of the homestead of a permanent resident of this State who has owned a homestead in this State for the preceding 12 months is exempt from taxation except for assessments for special benefits. In determining the local assessed value of the exemption, the assessor shall multiply the amount exemption by the ratio of current just value upon which the assessment is based as furnished in the assessor's annual return pursuant to section 383. If the title to a homestead is held by the applicant jointly or in common with others, the exemption may not exceed \$7,000 \$20,000 of the just value of the homestead, but may be apportioned among the owners who reside on the property to extent of their respective interests. A municipality responsible for administering the homestead exemption has no obligation to create separate accounts for each partial interest in a homestead owned jointly or in common.

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Sec. A-2. 36 MRSA §1811, first ¶, as amended by PL 2001, c. 439, Pt. TTTT, §2 and affected by §3, is further amended to read:

A tax is imposed on the value of all tangible personal property and taxable services sold at retail in this State. The rate of tax is 7% on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43; 7% on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp; 10% on the value of rental for a period of less than one year of an automobile; 7% on the value of prepared food; and 5% 6% on the value of all other tangible personal property and taxable services. Value is measured by the sale price, except as otherwise provided.

Sec. A-3. Distribution of revenue. The Legislature shall ensure that 50% of the revenues raised by section 2 of this Part are used to fund the increase in the homestead tax exemption enacted by section 1 of this Part and that the remaining 50% of those new revenues are dedicated to general purpose aid for local schools. Funds dedicated for general purpose aid for local schools must be in addition to funds otherwise appropriated by the Legislature for that purpose.

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50 PART B

Sec. B-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 November 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:

"Do you favor increasing the sales tax imposed on tangible personal property and taxable services from 5% to 6% in order to fund in equal proportions an increase in the homestead tax exemption from \$7,000 to \$20,000 and to provide an addition to funds for general purpose aid for local schools?"

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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 square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns and, if it appears that a majority of the legal votes are cast in favor of the question the Governor shall proclaim that fact without delay, and Part A takes 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 purposes of this referendum.

SUMMARY

This bill requires a referendum question on the November ballot that asks the voters of the State to increase the state sales tax from 5% to 6% in order to fund an increase in the homestead tax exemption from \$7,000 to \$20,000 and to provide additional revenues for general purpose aid for local schools.