

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 1629

H.P. 1209

House of Representatives, June 4, 2003

**RESOLUTION, Proposing a Competing Measure under the
Constitution of Maine To Create Municipal Service Districts To
Reduce the Cost of Local Government, To Provide Property Tax
Relief and To Increase Economic Competitiveness**

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLCENT M. MacFARLAND
Clerk

Presented by Representative LEMOINE of Old Orchard Beach. (GOVERNOR'S BILL)
Cosponsored by Senator STANLEY of Penobscot and
Representatives: CLOUGH of Scarborough, FISCHER of Presque Isle, McLAUGHLIN of
Cape Elizabeth, MILLS of Farmington, MILLS of Cornville, SIMPSON of Auburn, TARDY
of Newport, Senator: NASS of York.

2 **RESOLVED:** That, pursuant to the Constitution of Maine,
Article IV, Part Third, Section 18, subsection 2, the Legislature
4 intends that the following be submitted to the electors of the
State as a competing measure to Initiated Bill 3, Legislative
6 Document 1372 of the 121st Legislature, "An Act to Enact the
School Finance Act of 2003."

8 **PART A**

10 **Sec. A-1. 30-A MRSA c. 112** is enacted to read:

12 **CHAPTER 112**

14 **MUNICIPAL SERVICE DISTRICTS**

16 **§2110. Purpose**

18 The purpose of this chapter is to enhance the ability of
20 municipalities to cooperate on a basis of mutual advantage in the
efficient and effective exercise of municipal obligations and
22 home-rule authority pursuant to this Part through voluntary
creation of and delegation to municipal service districts.

24 **§2111. Definitions**

26 As used in this chapter, unless the context otherwise
28 indicates, the following terms have the following meanings.

30 1. Municipality. "Municipality" means a municipality, as
defined in section 2001, subsection 8, or a plantation.

32 2. Municipal service district. "Municipal service
34 district" means an entity that has been or may be formed to
exercise authority delegated by participating municipalities in
accordance with this chapter that consists of:

36 A. Five or more contiguous municipalities with a total
38 population of at least 20,000 according to the Federal
Decennial Census conducted in 2000 and within which are
40 contained 2 or more school administrative units with a total
public school enrollment of at least 3,000 students as
42 recorded by the Department of Education in 2002; or

44 B. Five or more contiguous municipalities with a total land
area of 250 or more square miles and within which are
46 contained 2 or more school administrative units with a total
public school enrollment of at least 1,000 students as
48 recorded by the Department of Education in 2002.

2 For the purpose of this subsection, "contiguous municipalities"
3 includes municipalities that are separated solely by water or by
4 unorganized territory.

6 3. Municipal service district officers. "Municipal service
7 district officers" means the legislative body of the government
8 of a municipal service district provided for in its charter in
9 accordance with section 2112, subsection 2 to which participating
10 municipalities have delegated their municipal authority.

12 4. Participating municipality. "Participating
13 municipality" means a municipality that has joined, has agreed to
14 join or has entered into a process for the purpose of joining a
15 municipal service district.

16 5. School board of directors. "School board of directors"
17 means the board of directors of a school management unit formed
18 and elected pursuant to a municipal service district charter as
19 provided for in section 2112, subsection 2.

20 6. School management unit. "School management unit" means
21 the school management unit established by a municipal service
22 district in accordance with its charter as provided for in
23 section 2112, subsection 2.

24 7. State board. "State board" means the State Board of
25 Education.

28 **§2112. Adoption of municipal service district charter**

30 1. Charter commission. Any 5 or more municipalities that
31 together meet the definition of a municipal service district may
32 enter into an interlocal agreement to establish a joint charter
33 commission for the purpose of proposing a charter for a proposed
34 municipal service district. The agreement must provide that the
35 charter commission consist of one representative from each
36 participating municipality, appointed by the legislative body of
37 the municipality, plus 3 representatives at-large who reside
38 within the proposed municipal service district and who are
39 elected by the qualified voters within the proposed municipal
40 service district. A person seeking election as an at-large
41 member of the charter commission shall file with the clerk of
42 that person's participating municipality a petition bearing the
43 signatures of 25 qualified voters within the proposed municipal
44 service district 90 days prior to the election date. The clerks
45 of each participating municipality shall cooperate in the
46 validation of signatures. Election of at-large members must be
47 held within 90 days of the effective date of the interlocal
48 agreement. The election must be held by all participating
49 municipalities on the same day. The names of the candidates must
50 be filed with the clerk of the participating municipality at least

2 appear on a common ballot in each participating municipality and
3 must be arranged alphabetically by last name.

4 2. Terms of proposed charter. The proposed municipal
5 service district charter under this section must include:

6 A. The names of the participating municipalities;

7
8 B. The name of the proposed municipal service district,
9 which must be distinguishable from the name of any
10 municipality in the State other than one or more of the
11 participating municipalities, and the proposed location of
12 the municipal service district office;

13
14 C. The property, real and personal, belonging to each
15 participating municipality and its fair value and whether
16 any such property will be provided to the municipal service
17 district for its use, and the terms of that use;

18
19 D. The indebtedness, bonded and otherwise, of each
20 participating municipality;

21
22 E. Provision for assumption of 50% of the general obligation
23 debt of each participating municipality in the municipal
24 service district by the State as provided by section 5686;

25
26 F. Provision for application or expenditure of cost savings
27 realized through formation of the municipal service district
28 and funds received from the Municipal Service District Fund
29 established in chapter 112-A, as follows:

30
31
32 (1) Fifty percent to fund public education needs, as
33 identified in the budget prepared for the municipal
34 service district's school management unit; and

35
36 (2) Fifty percent to reduce the property tax burden,
37 as defined in section 5681, subsection 2, paragraph B
38 in the municipal service district's participating
39 municipalities.

40
41 The municipal service district shall allocate funds or cost
42 savings under this paragraph proportionally among its
43 participating municipalities, based on their populations as
44 determined by the latest Federal Decennial Census or as
45 determined and certified by the Department of Human
46 Services, whichever is later. For purposes of this
47 paragraph, cost savings must be calculated in accordance
48 with a methodology established by rule by the Department of
49 Administrative and Financial Services pursuant to Title 5,
50 chapter 375. Rules adopted pursuant to this paragraph are

2 routine technical rules as defined in Title 5, chapter 375,
3 subchapter 2-A.

4 G. The organization of the government of the municipal
5 service district, including but not limited to the form and
6 method of representation of an elected legislative body; a
7 school department and the form and method of representation
8 of the school management unit, including an elected school
9 board of directors, which replaces the school administrative
10 units within the municipal service district; a clerk of the
11 municipal service district having the same duties as a
12 municipal clerk; and such other personnel, departments and
13 procedures, not inconsistent with state law, as are
14 necessary to carry out the powers and responsibilities of
15 the municipal service district;

16 H. Assignment and delegation to the municipal service
17 district of all rights and obligations of the municipalities
18 within the municipal service district pursuant to the
19 Constitution of Maine, Article IV, Part Third, Section 23
20 and Title 36, section 661; and

21 I. Any other facts and terms considered necessary by the
22 charter commission.

23 **3. Submission of proposed charter to voters; adoption.**

24 After notice and hearing as provided in paragraphs A and B, the
25 municipal officers of each municipality within the proposed
26 municipal service district shall submit the proposed municipal
27 service district charter to the voters of their respective
28 municipalities.

29 A. A public hearing must be held in each of the
30 participating municipalities. The public hearing may be
31 held on more than one day, provided that it adjourns
32 permanently at least 10 days before the election.

33 B. At least 30 days before the election and at least 10
34 days before the hearing under paragraph A, the municipal
35 officers shall notify the voters of each participating
36 municipality of the proposed charter and of the time and
37 place of the public hearing in the same manner that the
38 voters of each municipality are notified of ordinances to be
39 enacted.

40 **4. Ballot question.** The municipal officers of each
41 participating municipality shall submit the question of adoption
42 of the proposed municipal service district charter to the voters
43 in substantially the following form:

2 "Shall the (name of municipality) adopt the proposed
3 municipal service district charter and thereby form jointly
4 with the (names of municipalities) a municipal service
5 district that will exercise and assume, in accordance with
6 the Maine Revised Statutes, Title 30-A, chapter 112,
7 home-rule powers and duties regarding public education,
8 taxation, land use regulation and other matters delegated to
9 it under the charter?"

10 5. Adoption by majority vote in each participating
11 municipality. Upon approval of a majority of those voting in
12 each of the participating municipalities, the charter becomes
13 effective and the municipal service district is established.

14 §2113. Charter revision; procedure

15 1. Initiation by municipal service district officers. The
16 municipal service district officers may determine that revision
17 of the charter for the municipal service district should be
18 considered and by order may provide for the establishment of a
19 charter commission to carry out that purpose as provided in this
20 chapter. The membership of a charter commission established
21 pursuant to this subsection must be determined in accordance with
22 section 2112, subsection 1.

23 2. Petition by voters. On the written petition of a
24 number of voters equal to at least 20% of the number of votes
25 cast in the participating municipalities as a whole at the last
26 gubernatorial election, but in no case less than 200, the
27 municipal service district officers, in accordance with the
28 procedure set forth in subsection 3, shall provide for the
29 establishment of a charter commission for the revision of the
30 municipal service district charter as provided in this chapter.
31 The membership of a charter commission established pursuant to
32 this subsection must be determined in accordance with section
33 2112, subsection 1.

34 3. Petition procedure; petitioner's committee. The
35 procedures for a petition by the voters set forth in subsection 2
36 to establish a charter commission for the revision of the
37 municipal service district charter is as set out in this
38 subsection.

39 A. Any 5 registered voters from the municipal service
40 district may file an affidavit with the clerk of the
41 municipal service district stating:

42 (1) That these voters will constitute the petitioners'
43 committee;

2 (2) The names and addresses of these voters;

4 (3) The address to which all notices to the committee
are to be sent; and

6 (4) That these voters will circulate the petition and
file it in proper form.

8
10 The petitioners' committee may designate additional
registered voters of the participating municipalities, who
12 are not members of the committee, to circulate the
petition. Promptly after the affidavit is filed, the clerk
14 of each participating municipality shall issue petition
blanks to the committee.

16 B. The clerk of the municipal service district shall
prepare the petition forms under paragraph A at the
18 municipal service district's expense. The petition forms
must be printed on paper of uniform size and may consist of
20 as many individual sheets as are reasonably necessary.

22 (1) Petition forms must carry the following legend in
bold lettering at the top of the face of each form:

24 "(Name of Municipal Service District)"

26 "Each of the undersigned voters respectfully requests
28 the officers of the municipal service district to
establish a charter commission for the purpose of
30 revising the charter of (name of municipal service
district)."

32 (2) Each signature to a petition must be in ink or
34 other indelible instrument and must be followed by the
residence of the voter with street and number, if any.
36 A petition may not contain a party or political
designation.

38 (3) The clerk of the municipal service district shall
40 note the date of each petition form issued. A petition
must be filed within 120 days of the date of its issue
42 or it is void.

44 (4) Each petition form must have printed on its back
an affidavit to be executed by the circulator, stating:

46 (a) That the circulator personally circulated the
48 form;

50 (b) The number of signatures on the form;

2 (c) That all the signatures were signed in the
 circulator's presence;

4
6 (d) That the circulator believes them to be
 genuine signatures of the persons whose names they
 purport to be;

8
10 (e) That each signer has signed no more than one
 petition; and

12 (f) That each signer had an opportunity to read
 the petition before signing.

14
16 C. Petition forms under this subsection must be assembled as
 one instrument and filed at one time with the clerk of the
 municipal service district. The clerk shall note the date of
18 filing on the forms.

20 D. Within 20 days after the petition is filed pursuant to
 paragraph C, the clerk of the municipal service district
22 shall complete a certificate as to its sufficiency,
 specifying, if it is insufficient, the particulars that
24 render it defective. The clerk shall promptly send a copy of
 the certificate to the petitioners' committee by mail and
26 shall file a copy with the municipal service district
 officers. The clerk of each participating municipality
28 shall cooperate as necessary to assist the clerk of the
 municipal service district in completing the certificate
30 required under this subsection.

32 E. A petition certified insufficient under paragraph D for
 lack of the required number of valid signatures may be
34 amended once if the petitioners' committee files a notice of
 intention to amend the petition with the clerk of the
36 municipal service district within 2 days after receiving the
 copy of the clerk's certificate. The procedure regarding
38 submission and review of a supplementary petition is as
 follows.

40 (1) Within 10 days after the notice of intention is
42 filed, the committee may file a supplementary petition
 to correct the deficiencies in the original. This
44 supplementary petition, in form and content, must
 comply with the requirements for an original petition
46 under paragraphs A to C.

48 (2) Within 5 days after a supplementary petition is
 filed, the clerk shall complete and file a certificate

2 as to its sufficiency in the manner provided for an
3 original petition under paragraph D.

4 (3) When an original or supplementary petition has
5 been certified insufficient under paragraph D, the
6 committee, within 2 days after receiving the copy of
7 the clerk's certificate, may file a request with the
8 municipal service district officers for review. The
9 municipal service district officers shall inspect the
10 petitions in substantially the same form, manner and
11 time as a recount hearing under section 2531-A and
12 shall make due certificate of that inspection. The
13 municipal service district officers shall file a copy
14 of that certificate with the clerk and mail a copy to
15 the committee. The certificate of the municipal service
16 district officers is a final determination of the
17 sufficiency of the petitions.

18 (4) Any petition finally determined to be insufficient
19 is void. The clerk shall stamp the petition void and
20 seal and retain it in the manner required for secret
21 ballots.

22
23 **4. Election procedure.** Within 30 days after the adoption of
24 an order under subsection 1 or the receipt of a certificate or
25 final determination of sufficiency under subsection 3, the clerk
26 of the municipal service district shall promptly notify the
27 municipal officers of each participating municipality, who shall
28 by order submit the question for the establishment of a charter
29 commission pursuant to this section to the voters at the next
30 regular or special municipal election held at least 90 days after
31 the order.

32
33 **5. Ballot question.** The question for the establishment of
34 a charter commission pursuant to this section to be submitted to
35 the voters in each participating municipality must be in
36 substance as follows:

37 "Shall a charter commission be established for the purpose
38 of revising the municipal service district charter of (name
39 of municipal service district), in which (name of
40 municipality) is a participating municipality?"

41
42 **6. Adoption by majority vote.** Upon approval of a majority
43 of those voting in the municipal service district, the charter
44 revision commission is established.

45 **7. Charter commission operation.** The charter commission
46 shall conduct itself in accordance with section 2103, subsections
47 2, 3, 5 and 8.

2 §2114. Charter amendment; procedure

4 1. Municipal service district officers. The municipal
6 service district officers may determine that amendments to the
8 municipal service district charter should be considered and, by
10 order, provide for notice and hearing on them in the same manner
12 as provided in subsection 5, paragraph A. Within 7 days after
14 the hearing, the municipal service district officers may order
16 the proposed amendment to be placed on the ballot at the next
18 regular municipal election in each participating municipality
20 held at least 30 days after the order is passed; or they may
22 order a special election to be held at least 30 days from the
24 date of the order for the purpose of voting on the proposed
26 amendments.

28 A. Each amendment must be limited to a single subject, but
30 more than one section of the charter may be amended as long
32 as it is germane to that subject.

34 B. Alternative statements of a single amendment are
36 prohibited.

38 2. Petition by voters. On the written petition of a number
40 of voters equal to at least 20% of the number of votes cast in
42 the participating municipalities as a whole at the last
44 gubernatorial election, but in no case less than 200, the
46 municipal service district officers, by order, shall provide that
48 proposed amendments to the municipal service district charter be
50 placed on a ballot in accordance with paragraphs A and B.

52 A. Each amendment must be limited to a single subject, but
54 more than one section of the charter may be amended as long
56 as it is germane to that subject.

58 B. Alternative statements of a single amendment are
60 prohibited.

62 3. Petition procedure. The petition forms must carry the
64 following legend in bold lettering at the top of the face of each
66 form.

68 "(Name of municipal service district)"

70 "Each of the undersigned voters respectfully requests the
72 municipal service district officers to provide for the amendment
74 of the municipal service district charter as set out below."

76 No more than one subject may be included in a petition. In all
78 other respects, the form, content and procedures governing

2 amendment petitions must be the same as provided for charter
3 revision petitions under section 2113, including procedures
4 relating to filing, sufficiency and amendments.

5 4. Amendment constituting revision. At the request of the
6 petitioners' committee, the petition form must also contain the
7 following language:

8 "Each of the undersigned voters further requests that if the
9 municipal service district officers determine that the amendment
10 set out below would, if adopted, constitute a revision of the
11 charter, then this petition must be treated as a request for a
12 charter commission."

13 Upon receipt of a petition containing this language, the
14 municipal service district officers, if they determine with the
15 advice of an attorney that the proposed amendment would
16 constitute a revision of the charter, shall treat the petition as
17 a request for a charter commission and follow the procedures
18 applicable to such a request.

19 5. Action on petition. The following procedures must be
20 followed upon receipt of a petition certified to be sufficient.

21 A. Within 10 days after a petition is determined to be
22 sufficient, the municipal service district officers, by
23 order, shall provide for a public hearing on the proposed
24 amendment. At least 7 days before the hearing, they shall
25 publish a notice of the hearing in a newspaper having
26 general circulation in each participating municipality. The
27 notice must contain the text of the proposed amendment and a
28 brief explanation. The hearing must be conducted by the
29 municipal service district officers or a committee appointed
30 by them.

31 B. Within 7 days after the public hearing, the municipal
32 service district officers or the committee appointed by them
33 shall file with the municipal service district clerk a
34 report containing the final draft of the proposed amendment
35 and a written opinion by an attorney admitted to the bar of
36 this State that the proposed amendment does not contain any
37 provision prohibited by the general laws, the United States
38 Constitution or the Constitution of Maine. In the case of a
39 committee report, a copy must also be filed with the
40 municipal service district officers.

41 C. On all petitions filed more than 120 days before the end
42 of the current municipal year, the municipal service
43 district officers shall order the proposed amendment to be
44 submitted to the voters at the next regular or special
45 election.

2 municipal election in each participating municipality held
3 within that year after the final report is filed. If no such
4 election will be held in a participating municipality before
5 the end of the current municipal year, the municipal service
6 district officers shall order a special election to be held
7 before the end of the current and pertinent municipal year
8 for the purpose of voting on the proposed amendment.
9 Unrelated charter amendments must be submitted to the voters
10 as separate questions.

11 6. Summary of amendment. When the municipal service
12 district officers determine that it is not practical to print the
13 proposed amendment on the ballot and that a summary would not
14 misrepresent the subject matter of the proposed amendment, the
15 municipal service district officers shall include in their order
16 a summary of the proposed amendment, prepared subject to the
17 requirements of section 2115, subsection 3, and instruction to
18 the municipal service district clerk to include the summary on
19 the ballot instead of the text of the proposed amendment.

20 **§2115. Submission to voters**

21 The method of voting at municipal elections, when a question
22 relating to a municipal service district charter revision,
23 charter modification or charter amendment is involved, must be in
24 the manner prescribed for municipal elections under sections 2528
25 to 2532, even if the municipality has not accepted the provisions
26 of section 2528.

27 1. Charter revision. Except as provided in paragraph A, in
28 the case of a charter revision or a charter adoption, the
29 question to be submitted to the voters must be in substance as
30 follows:

31 "Shall the municipality approve the charter revision
32 recommended by the charter commission?"

33 A. If the charter commission recommends that the present
34 charter continue in force with only minor modifications,
35 those modifications may be submitted to the voters in as
36 many separate questions as the commission finds practicable.
37 The determination to submit the charter revision in separate
38 questions under this paragraph and the number and content of
39 these questions must be made by a majority of the charter
40 commission. If the charter commission decides to submit the
41 charter revision in separate questions under this paragraph,
42 each question to be submitted to the voters must be in
43 substance as follows:

2 "Shall the municipality approve the charter modification
3 recommended by the charter commission and reprinted
4 (summarized) below?"

5 2. Charter amendment. In the case of a charter amendment
6 the question to be submitted to the voters must be in substance
7 as follows:

8 "Shall the municipality approve the charter amendment
9 reprinted (summarized) below?"

10 3. Voter information. Reports must be made available and
11 summaries prepared and made available in substantially the same
12 form, manner and time as provided in section 2105, subsection 3.

13 4. Effective date. If a majority of the ballots cast in
14 the municipal service district on any question under subsection 1
15 or 2 favors acceptance, the charter revision, charter
16 modification or charter amendment becomes effective as provided
17 in this subsection, provided the total number of votes cast for
18 and against the question equals or exceeds 30% of the total votes
19 cast in the participating municipalities as a whole at the last
20 gubernatorial election.

21 A. Except as provided in subparagraph (1), charter
22 revisions or charter modifications adopted by the voters
23 take effect on the first day of the next succeeding
24 municipal year.

25 (1) Charter revisions or charter modifications take
26 effect immediately for the purpose of conducting any
27 elections required by the new provisions.

28 B. Charter amendments adopted by the voters take effect on
29 the date determined by the municipal service district
30 officers, but not later than the first day of the next
31 municipal year.

32 **§2116. Recording**

33 Within 3 days after the results of an election under section
34 2115 have been declared, the municipal service district clerk
35 shall prepare and sign identical certificates setting forth any
36 charter that has been revised and any charter modification or
37 amendment approved. The clerk shall send one certificate to each
38 of the following:

39 1. Secretary of State. The office of the Secretary of
40 State, to be recorded;

2 2. Law library. The Law and Legislative Reference Library;
3 and

4 3. Clerks' offices. The offices of the municipal service
5 district and the clerk of each participating municipality in the
6 municipal service district.

8 **§2117. Scope of powers and duties**

10 Except as otherwise provided by this chapter, the scope of
11 the powers and duties of a municipal service district established
12 pursuant to this chapter are no greater than those of a
13 municipality.

14 **§2118. Powers**

16 In addition to any powers expressly conferred by its
17 charter, a municipal service district created pursuant to this
18 chapter has the powers set forth in this section.

20 1. Corporate powers. A municipal service district may:

22 A. Contract and be contracted with, sue and be sued and
23 institute, prosecute, maintain and defend any action or
24 proceeding in any court of competent jurisdiction; and

26 B. Provide for the authentication, execution and delivery
27 of deeds, contracts, grants and releases of municipal
28 service district property and for the issuance of evidences
29 of indebtedness of the municipal service district.

32 2. Finances. A municipal service district may:

34 A. Regulate the method of borrowing money for any purpose
35 for which taxes may be levied and borrow on the faith and
36 credit of the municipal service district for such general or
37 special purposes and to such extent as is authorized by
38 general statute;

40 B. Provide for the temporary borrowing of money;

42 C. Create a sinking fund or funds or a trust fund or funds
43 or other special funds, including funds that do not lapse at
44 the end of the municipal service district's fiscal year;

46 D. Provide for the assignment of municipal tax liens on
47 real property to the extent authorized by general statute;

48 E. When not specifically prescribed by general statute or
49 by charter, prescribe the form of proceedings and mode of
50

2 assessing benefits and appraising damages in taking land for
3 public use or in making public improvements to be paid for,
4 in whole or in part, by special assessments and prescribe
5 the manner in which all benefits assessed are collected; and

6 F. Provide for the bonding of municipal service district
7 officials or employees by requiring the furnishing of such
8 bond, conditioned upon honesty or faithful performance of
9 duty and determine the amount, form and sufficiency of the
10 sureties thereof.

11 **3. Property.** A municipal service district may:

12 A. Take or acquire by gift, purchase, grant, including any
13 grant from the United States or the State, bequest or devise
14 and hold, condemn, lease, sell, manage, transfer, release
15 and convey such real and personal property or interest
16 therein absolutely or in trust as the purposes of the
17 municipal service district or any public use or purpose
18 require. Any lease of real or personal property or any
19 interest in a lease of real or personal property, either as
20 lessee or lessor, may be for such term or any extensions
21 thereof and upon such other terms and conditions as have
22 been approved by the municipal service district, including
23 without limitation the power to obligate itself to
24 appropriate funds as necessary to meet rent and other
25 obligations as provided in any such lease; and

26 B. Provide for the proper administration of gifts, grants,
27 bequests and devises and meet such terms or conditions as
28 are prescribed by the grantor or donor and accepted by the
29 municipal service district.

30 **4. Development districts.** A municipal service district may
31 establish development districts, including but not limited to
32 state tax increment financing districts in accordance with
33 chapter 206, subchapter 2.

34 **5. Other.** A municipal service district may:

35 A. Adopt rules, regulations and procedures not inconsistent
36 with state law necessary to carry out its powers and duties
37 under this chapter and its charter, including but not
38 limited to rules, regulations and procedures necessary to
39 resolve conflicts in ordinances or other rules or enactments
40 of one or more participating municipalities; and

41 B. Assume such other powers and duties of municipalities
42 that, by agreement and revision of the charter as necessary,

2 participating municipalities may from time to time delegate
3 to it.

4 **§2119. Duties**

6 In addition to any duties expressly conferred by its
7 charter, a municipal service district created pursuant to this
8 chapter has the duties set forth in this section.

10 1. Establishment of budget. A municipal service district
11 shall establish and maintain a budget system and has the duty and
12 sole authority to adopt a single budget for the municipal service
13 district, its school department and the participating
14 municipalities. The municipal officers of each participating
15 municipality shall provide to the municipal service district
16 officers, at least 90 days prior to the beginning of the fiscal
17 year, its proposed budget requirements. The school board of
18 directors shall also provide to the municipal service district
19 officers, at least 90 days prior to the beginning of the fiscal
20 year, the proposed budget requirements of the municipal service
21 district's school department.

22 2. Taxation; standardization and uniform rate required.
23 Notwithstanding Title 36, Part 2, a municipal service district
24 constitutes a multi-municipal primary assessing district as
25 though established by the State Tax Assessor pursuant to Title
26 36, chapter 102, subchapter 1 and must otherwise be treated for
27 property tax purposes as though it is a single municipality.
28 Notwithstanding Title 36, Part 2, the municipal service district
29 officers have the authority and responsibility provided in Title
30 36, Part 2 to municipal officers, assessors or tax collectors
31 relative to the administration of the property tax within the
32 jurisdictional limits of the municipal service district. Within
33 3 years from the creation of a municipal service district, the
34 property tax and fiscal years of the participating municipalities
35 must be standardized and the municipal service district officers
36 shall perform a revaluation of all taxable property located in
37 the municipal service district consistent with the requirements
38 of Title 36, Part 2. After the revaluation, a uniform tax rate
39 must then apply against all taxable property located in the
40 municipal service district. Until such standard valuation basis
41 applies, the municipal service district officers shall assess
42 against each participating municipality's local assessment rolls
43 that municipality's share of expenses to be raised through the
44 local property tax, determined by adjusting the total municipal
45 taxable property valuations to 100% of just value using each
46 municipality's certified assessment ratio.

48 3. Education. A municipal service district, through its
49 school board of directors, has all the powers conferred and shall
50

2 perform all the duties imposed by law upon superintending school
3 boards in regard to the care, operation and management of the
4 public schools within the municipal school district. Schools
5 operated by the municipal service district are the official
6 schools of the participating municipalities, in accordance with
7 section 2120.

8 4. Sewers and drains. Within the participating
9 municipalities of the municipal service district, the municipal
10 service district has all the powers conferred and shall perform
11 all the duties imposed by law on municipalities with respect to:

12 A. Laying out, constructing, reconstructing, repairing,
13 maintaining, operating, altering, extending and
14 discontinuing sewer and drainage systems and wastewater
15 treatment plants; and

16 B. Prohibiting and regulating the discharge of drains from
17 roofs of buildings over or upon the sidewalks, streets or
18 other public places or into sanitary sewers.

19 The municipal service district officers may, by agreement,
20 delegate the authority over sewers and drains to a participating
21 municipality.

22 5. Planning and regulation of development. Within the
23 participating municipalities of the municipal service district,
24 the municipal service district has all the powers conferred and
25 shall perform all the duties imposed by law on municipalities
26 with respect to preparing comprehensive plans and preparing and
27 enforcing zoning, subdivision and other ordinances and capital
28 improvement plans to implement the comprehensive plan, as
29 prescribed by and consistent with chapter 187.

30 6. Buildings. Within the participating municipalities of
31 the municipal service district, the municipal service district
32 has all the powers conferred and shall perform all the duties
33 imposed by law on municipalities with respect to:

34 A. Making rules relating to the maintenance of safe and
35 sanitary housing and adopting building and fire protection
36 codes, consistent with state law;

37 B. Regulating the mode of using any buildings when such
38 regulations seem expedient for the purpose of promoting the
39 safety, health, morals and general welfare of the
40 inhabitants of the municipality;

2 C. Regulating and providing for the permitting or licensing
3 of manufactured housing, trailer parks, and mobile home
4 parks, consistent with state law; and

6 D. Regulating plumbing, sewage disposal systems and
7 drainage systems, consistent with state law.

8 7. Solid waste management. Within the participating
9 municipalities of the municipal service district, the municipal
10 service district has all the powers conferred and shall perform
11 all the duties imposed by law on municipalities with respect to
12 providing for or regulating the collection and disposal of
13 garbage, trash, rubbish, waste material and ashes by contract or
14 otherwise.

16 **§2120. Merger and transfer of authority to school management**
17 **units**

18 1. Certification; issuance, filing and recording. Within
19 14 days following establishment of a municipal service district
20 pursuant to section 2112, the clerk of each participating
21 municipality that has voted to establish the municipal service
22 district shall certify that, in accordance with section 2112, the
23 participating municipality has agreed to delegate its rights and
24 duties for the management and control of its public schools,
25 including those within any former school administrative unit,
26 including any school administrative district, to the municipal
27 service district, to be exercised in accordance with a municipal
28 service district charter consistent with section 2112, subsection
29 2 and otherwise in accordance with this chapter. Within 14 days
30 of receipt of this certification from each participating
31 municipality, the state board shall issue to the municipal
32 service district officers a certificate of organization and
33 assign a number to the school management unit in the order of its
34 formation. The official title of each such school management unit
35 is "School Management Unit No. ." The municipal service
36 district officers shall deliver the original certificate to the
37 school board of directors on the day that the school management
38 unit organizes and shall file a copy, attested by the secretary
39 of the state board, for recording in the office of the Secretary
40 of State. The issuance of the certificate is conclusive evidence
41 of the lawful organization of the school management unit.

44 2. Transfer of assets. The transfer of school property and
45 assets of a participating municipality and school administrative
46 unit is as follows. The school board of directors shall
47 determine what school property of the participating
48 municipalities and pertinent school administrative unit or units
49 is necessary to carry out the functions of the school management
50 unit and:

2 A. Request in writing that the school board of each school
4 administrative unit or the municipal officers transfer title
6 of their school property and buildings to the school
8 management unit; or

B. Assume all the duties and liabilities under any
 outstanding lease agreements.

10 The school board or municipal officers of a participating
12 municipality shall make the transfer notwithstanding any other
14 provision in the charter of the school administrative district or
 participating municipality or other provision of law.

3. Financing assumed debts. If a school management unit has
16 assumed the outstanding indebtedness of a former school
18 administrative unit:

A. The school board of directors may, notwithstanding any
20 other statute or any provision of any trust agreement, use
22 any sinking fund or other money set aside by the school
24 administrative unit to pay off the indebtedness for which
 the money was dedicated; and

B. A municipality within a proposed school management unit
26 may, by a majority vote of its voters, transfer money raised
28 and appropriated for school construction purposes to a
30 proposed school management unit if and when the unit takes
 over the operation of the public schools within its
 jurisdiction. The municipality may withdraw this
 appropriation only if:

(1) The municipal service district is not established
34 pursuant to section 2112; or

(2) Nine months or more after the original vote, and
36 prior to establishment of the school management unit,
38 the electorate of the municipality by a majority vote
40 of its voters votes to withdraw the appropriation.

4. Transfer of authority. The operational date and
42 transfer of authority of a school management unit is as follows.

A. A school management unit becomes operative on the later
44 of:

(1) The date that the state board issues certification
46 under subsection 1; and
48

2 (2) The date that the state board receives from the
3 clerk of the municipal service district the names of
4 the members of the school board of directors.

5 B. On the date a school management unit becomes operative
6 under paragraph A, the school board of directors shall
7 assume responsibility for the management and control of the
8 public schools within the former school administrative units
9 within the school management unit and these former school
10 administrative units on that date have no further
11 responsibility for the operation or control of the public
12 schools within the district.

13 C. Notwithstanding Title 20-A, section 15004 or any charter
14 of a community school district or coterminous district, the
15 balances remaining in the school accounts of the school
16 administrative districts, municipalities, community school
17 districts, coterminous school districts or other school
18 administrative units within the school management unit must
19 be paid to the treasurer of the school management unit in
20 equal monthly installments over the remainder of the fiscal
21 year in which the district is formed.

22 D. The contracts between the municipalities within the
23 school management unit and all teachers automatically are
24 assigned to the district as of the date the district becomes
25 operative under paragraph A. The district shall assign
26 teachers to their duties and make payments upon their
27 contracts.

28 E. The contracts between the superintendents and
29 municipalities within the school management unit must be
30 transferred to the school management unit. The school board
31 of directors of the school management unit shall determine
32 the superintendents' duties within the district and pay that
33 proportion of the salaries paid for by the former school
34 administrative units in the district.

35 5. Application of general law. Schools operated by a
36 legally established school management unit are the official
37 schools of the participating municipalities. The provisions of
38 general law relating to public education apply to these schools.
39 State funds for public schools must be paid directly to the
40 municipal service district for the benefit of the school
41 management unit.

42 **§2121. Addition of municipality to municipal service**
43 **district**

2 1. Addition of participating municipality. In the manner
4 provided for by section 2113, either the municipal officers of or
6 voters in a participating municipality may petition for and, by
majority vote in the affirmative in each participating
municipality, the voters within the municipal service district
may approve a revision of the charter of a municipal service
district to include that municipality.

8
10 2. Rights and obligations of new participating
12 municipality; charter revision. A participating municipality
14 that, as provided in subsection 1, is added to an existing
16 municipal service district has and assumes in common with other
participating municipalities all rights and obligations of those
municipalities under and related to the municipal service
district charter, including but not limited to its pro rata share
of any debt obligations.

18 3. Cost of petition process. The costs and expenses of the
20 petition process to add a participating municipality in
22 accordance with subsection 1, as determined by the municipal
24 service district officers, must be borne by the participating
26 municipality that initiated the petition if the voters within the
municipal service district do not approve its inclusion within
the municipal service district. If those voters do approve the
municipality's inclusion, the municipal service district shall
bear these costs and expenses.

28 4. Regional service centers. If a municipality or
30 municipalities that constitute a regional service center are
32 unable to join a municipal service district as a result of a vote
34 conducted pursuant to subsection 1 or the unwillingness of other
36 municipalities to enter into a municipal service district with
38 that regional service center, as determined and qualified by the
40 Executive Department, State Planning Office in accordance with a
42 rule adopted pursuant to Title 5, chapter 375, a regional service
44 center may by itself form a municipal service district. A
46 regional service center that establishes a municipal service
48 district pursuant to this subsection has the rights and
obligations of a municipal service district provided by law,
including but not limited to those provided by this chapter and
chapter 112-A. Rules adopted by the State Planning Office
pursuant to this subsection must identify information that a
regional service center must provide to demonstrate eligibility
to form a municipal service district and any additional and
related criteria or procedures related to formation of a
municipal service district under the circumstances provided for
by this subsection. For purposes of this subsection, "regional
service center" means a service center community as defined by
section 4301. Rules adopted pursuant to this subsection are

2 routine technical rules as defined in Title 5, chapter 375,
3 subchapter 2-A.

4 **§2122. Withdrawal of municipality from municipal service**
5 **district**

6
7 **1. Withdrawal of single participating municipality.** The
8 municipal officers of or voters in a participating municipality
9 may petition for withdrawal from the municipal service district
10 in the manner provided for petition for the dissolution of a
11 municipal service district pursuant to section 2123, except that:

12
13 **A. The petition required under section 2123, subsection 1**
14 must be signed by 20% of the number of voters in the
15 municipality seeking to withdraw who voted at the last
16 gubernatorial election;

17 **B. The dissolution agreement must effect division of**
18 property, assets and liabilities and allocation of
19 responsibilities between the municipality petitioning for
20 withdrawal and the municipal service district; and

21 **C. Only a simple majority vote of those casting valid**
22 ballots in the municipality seeking to withdraw is required
23 to effectuate withdrawal of that municipality from the
24 municipal service district.

25
26
27 **2. Repayment to State.** A participating municipality that
28 withdraws from a municipal service district as provided in
29 subsection 1 shall repay to the Municipal Service District Fund
30 established in chapter 112-A an amount equal to that
31 municipality's pro rata share of funds provided to the pertinent
32 municipal service district from the Municipal Service District
33 Fund during the time that the municipality was within that
34 municipal service district.

35 **§2123. Dissolution of municipal service district**

36
37 **1. Twenty percent petition.** Upon receipt by municipal
38 service district officers of a written petition that seeks to
39 dissolve a municipal service district and establishes a maximum
40 figure for the cost of preparing a dissolution agreement signed
41 by 20% of the number of voters in a municipal service district as
42 a whole who voted at the last gubernatorial election, with no
43 more than half the required number registered in any one
44 participating municipality, the municipal officers of each
45 participating municipality shall call and hold a special
46 election, in the manner provided for the calling and holding of
47 town meetings or city elections in each respective municipality,
48 to vote on the dissolution of the municipal service district.
49
50

2 A. At least 10 days before the election, a posted or
4 otherwise advertised public hearing on the petition must be
 held by the municipal officers of each participating
 municipality.

6 B. Voting in municipalities must be conducted in accordance
8 with the governing ordinance and laws in each municipality.

10 2. Form. The question for the dissolution of a municipal
12 service district pursuant to this section to be voted upon must
 be in substantially the following form:

14 "Is it resolved by the residents of (name of municipality)
16 that a petition for dissolution be filed with the directors
18 of the municipal service district in which (name of
20 municipality) is a participating municipality and with the
22 State Board of Education, that the dissolution committee be
 authorized to expend \$ and that the municipal officers
 be authorized to issue notes in the name of (name of
 municipality) or otherwise pledge the credit of (name of
 municipality) in an amount not to exceed \$ for this
24 purpose?"

26 3. Notice of vote; finding by Secretary of State. If a
28 majority of the voters present and voting in each participating
30 municipality votes to approve a petition for dissolution, the
32 clerk of each participating municipality shall immediately give
 written notices, by registered mail, to the municipal service
 district officers, the Secretary of State and the Commissioner of
 Education. The notices required by this subsection must include
 the petition adopted by the voters, including the positive and
 negative votes cast.

34 4. Agreement for dissolution; notice; changes in agreement;
36 final agreement. The agreement for dissolution must comply with
 the following.

38 A. The municipal service district officers, after
40 consultation with the municipal officers of the
42 participating municipalities and representatives of the
44 group that filed the petition under subsection 1 with the
46 municipality, shall direct the municipal officers of each
48 participating municipality to select as representatives to a
 committee: one member from the municipal officers of each
 participating municipality, one member from the general
 public and one member from the group filing the petition.
 Public officials may serve on the committee only as long as
50 they hold their respective offices. Vacancies must be filled
 by the municipal officers and municipal service district

2 officers. The chair of the municipal service district
3 officers shall call a meeting of the committee within 30
4 days of the filing of the notice of the vote in subsection
5 3. The chair shall open the meeting by presiding over the
6 election of a chair of the committee. The responsibility for
7 the preparation of the agreement rests with the committee.
8 The committee may draw upon the resources of the municipal
9 service district for information not readily available at
10 the local level and may employ competent advisors within the
11 fiscal limit authorized by the voters. The agreement must be
12 submitted to the municipal service district officers within
13 90 days after the committee is formed. Extensions of time
14 may be granted by the municipal service district officers at
15 the request of the committee.

16 B. The agreement must address the provision of educational
17 services for all students in the school management unit and
18 other related matters in accordance with Title 20-A, section
19 1403, subsection 4. The agreement must provide that during
20 the first year following the dissolution, students may
21 attend the school they would have attended if the unit had
22 not dissolved. The allowable tuition rate for students sent
23 from one municipality to another in the former school
24 management unit must be determined under Title 20-A, section
25 5805, subsection 1, except that it is not subject to the
26 state per pupil average limitation in Title 20-A, section
27 5805, subsection 2.

28 C. The agreement must contain any terms necessary to
29 effectuate an equitable division of the property, including
30 but not limited to that of the school management unit, among
31 the participating municipalities represented by the
32 committee and transfer title of the property to one or more
33 municipalities following dissolution, except that the school
34 management unit's educational program may not be disrupted
35 solely because of the transfer of any given property before
36 it may complete the transfer.

37 D. The agreement must contain any terms necessary to
38 allocate equitably among the participating municipalities
39 all contractual obligations and other liabilities, as
40 appropriate.

41 E. The agreement must provide that the municipal service
42 district remain intact for the purpose of securing and
43 retiring any outstanding indebtedness, except that the
44 dissolution agreement may provide for alternate means for
45 retiring outstanding indebtedness. For purposes of this
46 paragraph, the term "outstanding indebtedness" means bonds
47 or notes issued by the municipal service district officers,
48
49
50

2 including but not limited to those for school construction
3 projects and obligations to the successor in interest to the
4 former Maine School Building Authority pursuant to any
5 contract, lease or agreement made by the school board of
6 directors pursuant to approval thereof in a district meeting
7 of the school management unit, as well as any general
8 obligation indebtedness of any participating municipality
9 assumed by the municipal service district. For purposes of
10 this paragraph, the term "outstanding indebtedness" does not
11 include any indebtedness of any municipality assumed by the
12 school management unit at the time of its formation or any
13 contract, lease or agreement of the successor in interest to
14 the former Maine School Building Authority to which by
15 operation of law the school management unit has become the
16 assignee.

17 F. The agreement must contain any additional terms
18 necessary to effectuate dissolution of the municipal service
19 district without undue disruption of services provided by
20 the municipal service district to the public.

21 G. Within 60 days of the receipt of the agreement, the
22 municipal service district officers shall review the
23 agreement and may recommend changes. Changes recommended
24 pursuant to this paragraph must be based upon the standards
25 set forth in paragraphs B to F and the officers' findings on
26 whether the agreement will provide for appropriate
27 educational and other services to the public and for the
28 orderly transition of assets, liabilities and governance and
29 other matters related to the municipal service district.

30 H. If the municipal service district officers recommend
31 changes in the agreement, they shall notify the committee
32 established pursuant to paragraph A by registered mail and
33 schedule a meeting to discuss the recommended changes within
34 14 days of the close of the 60-day period provided for by
35 paragraph G. By majority vote, the committee may accept or
36 reject the officers' recommendations.

37 I. The municipal service district officers shall schedule a
38 public hearing to discuss the merits of the proposed
39 agreement of dissolution and shall provide notice to the
40 clerk of each participating municipality at least 20 days
41 prior to the date set for the hearing. The chair of the
42 municipal service district officers shall conduct the
43 hearing.

44 (1) The municipal service district officers shall post
45 a public notice in each participating municipality of

2 the time and location of the hearing at least 10 days
3 before the hearing.

4 (2) Within 30 days following the hearing, the
5 committee shall consider and may revise the agreement
6 based on testimony provided at the hearing.

8 5. Voting on dissolution agreement. Except as otherwise
9 provided by this chapter, the timing, manner, procedures and
10 other matters regarding voting on the dissolution of a municipal
11 service district are those provided for by Title 20-A, section
12 1403, except that the question submitted to the voters in each
13 participating municipality must be in substantially the following
14 form:

16 "Shall the (municipal service district name), of which (name
17 of municipality) is a participating municipality, be
18 dissolved subject to the terms and conditions of the
19 dissolution agreement dated 20 ?"

20 6. Determination of vote. The clerk of each participating
21 municipality, within 24 hours of determination of the result of
22 the vote pursuant to subsection 5 in the clerk's respective
23 municipality, shall certify to the municipal service district
24 officers the total number of votes cast in the affirmative and
25 the total number of votes cast in the negative on the question.
26 If the certified results presented to the municipal service
27 district officers indicate that a majority of the voters voting
28 on the question voted in the affirmative, the municipal service
29 district officers shall immediately take steps to dissolve the
30 municipal service district in accordance with the terms of the
31 agreement for dissolution and notify the Secretary of State and
32 the state board of the dissolution.

34 7. Execution of agreement; certified record; certificate of
35 withdrawal. When the municipal service district officers have
36 put the agreement for dissolution in effect, the officers shall
37 notify the Secretary of State and the state board by certified
38 mail that the agreement of dissolution has been executed.

40 A. The municipal service district officers shall file a
41 complete certified record of all transactions involved in
42 the dissolution with the Secretary of State.

44 B. On receipt of the record provided for by paragraph A,
45 the Secretary of State shall immediately issue a certificate
46 of dissolution to be sent by certified mail for filing with
47 the municipal service district officers, the municipal
48 officers of each participating municipality and the state

2 board. The Secretary of State shall also file a copy in the
3 office of the Secretary of State.

4 **8. Dissolution of school management unit; general purpose**
5 **aid.** Dissolution of a municipal service district constitutes
6 dissolution of its school management unit. When a school
7 management unit dissolves, the general purpose aid for each
8 participating municipality must be computed in accordance with
9 Title 20-A, Part 7.

10
11 **9. Repayment to State.** Upon dissolution as provided for by
12 this section, a municipal service district shall repay to the
13 Municipal Service District Fund established in chapter 112-A an
14 amount equal to that received by that municipal service district
15 from the Municipal Service District Fund prior to its
16 dissolution. The municipal service district remains intact as
17 provided in subsection 4, paragraph E for the purpose of
18 repayment to the Municipal Service District Fund.

19 **§2124. Public hearings**

20
21 A participating municipality shall conduct any public
22 hearing or meeting provided for by this chapter in accordance
23 with the rules and ordinances of that participating municipality
24 regarding conduct of public hearings or meetings.

25 **§2125. Judicial review**

26
27 The Superior Court may enforce this chapter in the manner
28 provided for by section 2108, except voters' rights and duties
29 regarding petition for declaratory judgment and judicial review
30 provided for by section 2108 may be exercised upon petition of
31 either:

32
33 **1. Ten voters from each participating municipality.** Ten
34 voters from each participating municipality in the municipal
35 service district; or

36
37 **2. One hundred voters of district.** One hundred voters that
38 reside in any one or more municipalities in the municipal service
39 district.

40 **§2126. Construction**

41
42 This chapter must be liberally construed to accomplish its
43 purposes.

44
45
46
47
48 **PART B**

2 **Sec. B-1. 20-A MRSA c. 613** is enacted to read:

4 **CHAPTER 613**

6 **STATE EDUCATION COST CONTROL ASSISTANCE**

8 **§17201. Legislative findings**

10 The Legislature finds that municipalities that form
12 municipal service districts and school management units in
14 accordance with Title 30-A, chapter 112 may capture savings
16 through the creation of efficiencies in delivering
18 public-school-related services and reduce local property taxes
correspondingly. The Legislature further finds that provision of
bonus funding to municipal service districts in accordance with
this chapter as general purpose aid for local schools may serve
as an additional incentive to encourage municipalities to form
municipal service districts and is in the general public interest.

20 **§17202. Definitions**

22 As used in this chapter, unless the context otherwise
24 indicates, the following terms have the following meanings.

26 1. Municipal service district. "Municipal service
district" has the same meaning as in Title 30-A, section 2111.

28 2. Municipality. "Municipality" has the same meaning as in
30 Title 30-A, section 2001, subsection 8 or means a plantation.

32 **§17203. Municipal service district bonus**

34 In addition to any other funding to which a municipal
36 service district is entitled, a municipal service district is
entitled to an annual 10% bonus in general purpose aid for local
schools.

38 1. Funding source; calculation. The 10% bonus provided
40 under this section must be paid from and transferred to municipal
42 service districts from the Municipal Service District Fund
44 established in Title 30-A, chapter 112-A. The annual bonus for
46 municipal service districts provided under this section must be
calculated as 10% of the total general purpose aid for local
schools to which each participating municipality in a municipal
service district is entitled.

48 2. Duration. A municipal service district is entitled to
the annual 10% bonus in general purpose aid for local schools
provided under this section for 5 consecutive years beginning in

2 the year following the year in which the municipal service
3 district is formed.

4 **Sec. B-2. 30-A MRSA §709** is enacted to read:

6 **§709. State assumption of participating municipalities' county**
7 **tax obligation**

8
9 **1. Annual reimbursement.** The State shall annually
10 reimburse a municipal service district formed under chapter 112
11 for that share of any tax apportioned pursuant to section 706 to
12 participating municipalities that comprise the municipal service
13 district for the net cost of supporting district attorneys'
14 services, court rents and services, jails, and registries of
15 probate and deeds that have been paid by the municipal service
16 district on their behalf.

17 **2. Duration.** The obligation to make annual reimbursements
18 to a municipal service district begins in the year following the
19 year in which a municipality forms a municipal service district.
20 The reimbursement provided under this section must be paid from
21 and transferred to municipal service districts from the Municipal
22 Service District Fund established in chapter 112-A.

23 **Sec. B-3. 30-A MRSA c. 112-A** is enacted to read:

24
25 **CHAPTER 112-A**

26
27 **MUNICIPAL SERVICE DISTRICT FUND**

28
29 **§2141. Municipal Service District Fund**

30
31 **1. Establishment.** The Municipal Service District Fund,
32 referred to in this chapter as "the fund," is established as a
33 dedicated, special revenue account to provide a financial
34 incentive for municipalities to voluntarily form municipal
35 service districts in accordance with chapter 112 to capture cost
36 savings attributable to operations of local government and school
37 systems that are assumed by municipal service districts as
38 defined in section 2111. The Treasurer of State shall administer
39 the fund.

40
41 **2. Transfers to the fund.** For 5 consecutive years,
42 beginning in or after fiscal year 2004-05, the Treasurer of State
43 shall transfer to the fund from the General Fund an amount equal
44 to, and in addition to, the sum of that due to each participating
45 municipality in each municipal service district created pursuant
46 to chapter 112 notified of eligibility in accordance with
47 subsection 3, pursuant to Title 36, section 661, subsection 4, as
48 a consequence of Title 36, section 662. The Treasurer of State
49

2 shall make this transfer concurrently with the transfers under
3 Title 36, section 661, subsection 4. The fund must be held
4 separate and apart from all other money, funds and accounts.
5 Eligible investment earnings credited to the assets of the fund
6 become part of the assets of that fund. Any balance remaining in
7 the fund at the end of any fiscal year must be carried forward to
8 the next fiscal year.

9
10 3. Fund availability and eligibility. The fund is
11 available solely to municipal service districts, as defined in
12 section 2111, subsection 2, that are established in accordance
13 with chapter 112 on or before January 1, 2009. To be eligible
14 for disbursements from the fund, a municipal service district
15 must certify to the Treasurer of State, in a manner acceptable to
16 the Treasurer of State, its lawful formation and existence under
17 chapter 112 in the year for which funds are sought. On receipt
18 of this certification, the Treasurer of State shall notify the
19 municipal service district of its eligibility for disbursement
20 from the fund for the purposes identified in subsection 4.

21
22 4. Uses of fund. The fund may only be used to address
23 state financial obligations under sections 709 and 5686 and Title
24 20-A, section 17203.

25 **Sec. B-4. 30-A MRSA §5686 is enacted to read:**

26
27 **§5686. Municipal debt assumption**

28
29 1. Definitions. As used in this section, unless the
30 context otherwise indicates, the following terms have the
31 following meanings.

32
33 A. "Municipal service district" has the same meaning as in
34 section 2111.

35
36 B. "Consolidating municipality" means a participating
37 municipality that is within a municipal service district
38 formed in accordance with chapter 112 on or before January
39 1, 2009.

40
41 2. State assumption of certain general obligation debts.
42 In accordance with this section, the State shall assume 50% of
43 the qualifying general obligation debts of a consolidating
44 municipality. The State shall pay its obligations incurred under
45 this section from the Municipal Service District Fund established
46 in chapter 112-A.

47
48 3. Qualifying general obligation debts. The qualifying
49 general obligation debts that the State assumes in accordance
50 with subsection 2 are all general obligation debts of a

2 consolidating municipality, including but not limited to general
3 obligation debts of any school administrative unit that served
4 the consolidating municipality prior to its formation of a
5 municipal service district, that:

6 A. Were incurred prior to June 30, 2003; and

7 B. Must be paid using property tax revenue, as opposed to
8 user fees, state grants, loans or revenues other than those
9 provided pursuant to this section, or other federal, state
10 or local revenue sources other than property tax.

11
12 **Sec. B-5. Legislative implementation.** No later than March 1,
13 2004, the Joint Standing Committee on Taxation and the Joint
14 Standing Committee on Appropriations and Financial Affairs shall
15 review and may report out legislation in accordance with the
16 intentions of and not inconsistent with this Resolution to
17 further clarify and govern the design, implementation, management
18 and oversight of the financial incentives for the formation of
19 municipal service districts provided by education cost control
20 assistance under the Maine Revised Statutes, Title 20-A, chapter
21 613, state assumption of county tax obligations under Title 30-A,
22 section 709, the municipal debt assumption under Title 30-A,
23 section 5686 and the Municipal Service District Fund established
24 in Title 30-A, chapter 112-A, including but not limited to
25 provisions regarding transfers to and from the Municipal Service
26 District Fund from the General Fund to effectuate the purposes
27 and intent of this Resolution. No later than March 1, 2004, the
28 Joint Standing Committee on State and Local Government shall
29 review the State's statutes regarding the rights, duties and
30 obligations of municipalities, including those laws in Title
31 30-A, and develop and report out legislation to amend those laws,
32 as necessary, in accordance with the intentions of and not
33 inconsistent with the purposes and intents of this Resolution.
34

35

PART C

36

37 **Sec. C-1. 36 MRS §661, sub-§4-A** is enacted to read:

38

39 **4-A. Payment to municipal service district municipalities.**

40 A municipality that receives payment pursuant to subsection 4
41 that is a member of a municipal service district, as established
42 by Title 30-A, chapter 112, shall pay that same amount to the
43 Treasurer of State.

44

45 **Sec. C-2. 36 MRS §661, sub-§6** is enacted to read:

46

47 **6. Municipal service districts.** Notwithstanding any other
48 provision of law, a municipal service district established in
49

2 accordance with Title 30-A, chapter 112 has all the rights and
4 obligations of the municipalities within the municipal service
6 district under the Constitution of Maine, Article IV, Part Third,
8 Section 23 and this section. The Treasurer of State shall pay to
10 each municipal service district 50% of the property tax revenue
12 loss in each of the municipalities within the municipal service
14 district, as determined in accordance with this section, by
16 December 15th of the year following the year in which property
18 tax revenue was lost.

20 **Sec. C-3. 36 MRSA §662** is enacted to read:

22 **§662. Business equipment**

24 **1. Eligible business equipment exempt.** Eligible business
26 equipment is exempt from all taxation under this Part, except
28 chapters 111 and 112.

30 **2. Definitions.** As used in this section, unless the
32 context otherwise indicates, the following terms have the
34 following meanings.

36 **A. "BETR-expired property"** means property that was eligible
38 for property tax reimbursement under chapter 915, but is no
40 longer eligible for such reimbursement due to the fact that
42 reimbursements have been made for the entire length of time
44 for which reimbursements were allowed under section 6652,
46 subsection 1.

48 **B. "Eligible business equipment"** means BETR-expired
50 property and qualified business property that, in the
absence of this section, would first be subject to taxation
under this Part after April 1, 2003. "Eligible business
equipment" includes, without limitation, repair parts,
replacement parts, additions, accessions and accessories to
other qualified business property that first became taxable
under this Part on or before April 1, 2003 if the part,
addition, accession or accessory would, in the absence of
this section, first be subject to taxation under this Part
after April 1, 2003. "Eligible business equipment" also
includes inventory parts for qualified business property
that, in the absence of this section, would first be subject
to taxation under this Part after April 1, 2003.

"Eligible business equipment" does not include:

(1) Office furniture, including, without limitation,
tables, chairs, desks, bookcases, filing cabinets and
modular office partitions;

2 (2) Lamps and lighting fixtures; and

4 (3) Property owned or used by an excluded person.

6 C. "Excluded person" means:

8 (1) A public utility as defined in Title 35-A, section
102, subsection 13;

10 (2) A person that provides radio paging services as
defined in Title 35-A, section 102, subsection 15;

12 (3) A person that provides mobile telecommunications
services as defined in Title 35-A, section 102,
subsection 9-A;

14 (4) A cable television company as defined in Title
30-A, section 2001, subsection 2;

16 (5) A person that provides satellite-based direct
television broadcast services; or

18 (6) A person that provides multichannel, multipoint
television distribution services.

20 D. "Inventory parts" includes repair parts, replacement
parts, replacement equipment, additions, accessions and
accessories on hand but not in service and stocks or
inventories of repair parts, replacement parts, replacement
equipment, additions, accessions and accessories on hand but
not in service if acquired after April 1, 2003, regardless
of when placed in service.

22 E. "Qualified business property" means tangible personal
property that:

24 (1) Is used or held for use exclusively for a business
purpose by the person in possession of it or, in the
case of construction in progress or inventory parts, is
intended to be used exclusively for a business purpose
by the person who will possess that property; and

26 (2) Either:

28 (a) Was subject to an allowance for depreciation
under the Code on April 1st of the property tax
year for which the owner of the property files a
claim for exemption under subsection 4, or would
have been subject to an allowance for depreciation

2 under the Code as of that date but for the fact
3 that the property has been fully depreciated; or

4 (b) In the case of construction in progress or
5 inventory parts, would be subject under the Code
6 to an allowance for depreciation when placed in
7 service or would have been subject to an allowance
8 for depreciation under the Code as of that date
9 but for the fact that the property has been fully
10 depreciated.

11 "Qualified business property" also includes all property
12 that is affixed or attached to a building or other real
13 estate if it is used primarily to further a particular trade
14 or business activity taking place in that building or on
15 that real estate. "Qualified business property" does not
16 include components or attachments to a building if used
17 primarily to serve the building as a building, regardless of
18 the particular trade or activity taking place in or on the
19 building. "Qualified business property" also does not
20 include land improvements if used primarily to further the
21 use of the land as land, regardless of the particular trade
22 or business activities taking place in or on the land. In
23 the case of construction in progress or inventory parts, the
24 term "used" means intended to be used. "Qualified business
25 property" also does not include any vehicle registered for
26 on-road use on which a tax assessed pursuant to chapter 111
27 has been paid or any watercraft registered for use on state
28 waters on which a tax assessed pursuant to chapter 112 has
29 been paid.

30
31 **3. Additional limitations. The exemptions provided**
32 **pursuant to this section are limited as follows.**

33 **A. Exemption for certain energy facilities under this**
34 **section is limited as follows.**

35 (1) The exemption provided by this section does not
36 apply to a natural gas pipeline, including pumping or
37 compression stations, storage depots and appurtenant
38 facilities used in the transportation, delivery or sale
39 of natural gas but not including a pipeline that is
40 less than a mile in length and is owned by a consumer
41 of natural gas delivered through the pipeline.

42 (2) Except as provided in subparagraph (3), the
43 exemption provided by this section does not apply to
44 property used to produce or transmit energy primarily
45 for sale. For purposes of this subparagraph, energy is
46 primarily for sale if during the immediately preceding
47 year the property was used to produce or transmit energy
48 primarily for sale.

2 property tax year 2/3 or more of the useful energy is
3 directly or indirectly sold and transmitted through the
4 facilities of a transmission and distribution utility.

6 (3) A cogeneration facility is eligible for a partial
7 exemption under this section. The exemption is
8 calculated by multiplying the value of the cogeneration
9 facility by a fraction, the numerator of which is the
10 total amount of useful energy produced by the facility
11 during the property tax year immediately preceding the
12 property tax year for which a claim is being made that
13 is directly used by a manufacturing facility without
14 transmission over the facilities of a transmission and
15 distribution utility, and the denominator of which is
16 the total amount of useful energy produced by the
17 facility during the property tax year immediately
18 preceding the property tax year for which a claim is
19 being made.

20 (4) For purposes of this paragraph, unless the context
21 otherwise indicates, the following terms have the
22 following meanings.

24 (a) "Cogeneration facility" means the eligible
25 business equipment within a facility that produces
26 electrical energy, thermal energy or both for
27 commercial or industrial use when less than 2/3 of
28 the useful energy produced by the facility during
29 the property tax year is sold and transmitted
30 directly or indirectly through the facilities of a
31 transmission and distribution utility.
32 "Cogeneration facility" includes eligible business
33 equipment within a heat recovery steam generator.

34 (b) "Transmission and distribution utility" has
35 the same meaning as defined in Title 35-A, section
36 102, subsection 20-B.

37 (c) "Useful energy" is energy in any form that
38 does not include waste heat, efficiency losses,
39 line losses or other energy dissipation.

40 B. Pollution control facilities that are entitled to
41 exemption pursuant to section 656, subsection 1, paragraph E
42 are not entitled to an exemption under this section, except
43 that such property is entitled to exemption under this
44 section if:

2 (1) The property is entitled to an exemption under
section 656, subsection 1, paragraph E but has not yet
4 been certified for exemption under that paragraph;

6 (2) The property has been placed in service after the
December 1st immediately preceding April 1st of the tax
8 year for which the exemption is sought but prior to
April 1st of the property tax year for which the
10 exemption is sought; and

12 (3) The taxpayer has submitted the required
application for certification to the Commissioner of
14 Environmental Protection.

16 The exemption under this section continues for property that
meets the requirements of subparagraphs (1), (2) and (3)
18 only until the certification for exemption under section
656, subsection 1, paragraph E has been granted. If the
20 assessor denies an exemption on the ground that the property
in question is entitled to exemption under section 656,
22 subsection 1, paragraph E and the taxpayer appeals the
denial, the assessor shall, at the taxpayer's request, allow
24 the taxpayer up to one year to obtain a statement from the
Commissioner of Environmental Protection that the property
26 at issue is not exempt under section 656, subsection 1,
paragraph E. If the taxpayer timely produces such a
28 statement or otherwise demonstrates that the property is not
exempt under section 656, subsection 1, paragraph E, the
30 assessor shall allow the exemption under this section.

32 **4. Reporting.** On or before May 15th of each year, a
taxpayer claiming an exemption under this section shall file a
34 report with the assessor of the taxing jurisdiction in which the
property would otherwise be subject to taxation. The report must
36 itemize the property as to which exemption is claimed and must be
made on a form prescribed by the State Tax Assessor, who shall
38 furnish copies of the form to each municipality in the State.
The assessor may require the taxpayer to sign the form and make
40 oath to its truth and may require an answer in writing to all
reasonable inquiries as to the nature, situation and value of the
42 property for which exemption is requested. Refusal or neglect to
answer such inquiries and subscribe the same bars an appeal, but
44 such answers are not conclusive upon the assessor.

46 A failure by the taxpayer to comply with the provisions of this
subsection disqualifies the property involved from exemption. If
48 an exemption has already been granted and the State Tax Assessor
then determines that the property is not entitled to exemption, a
50 supplemental assessment must be made with respect to the property
in compliance with section 713, without regard to the limitations

2 contained in that section regarding the justification necessary
3 for a supplemental assessment.

4 **5. Local review.** Reports properly filed pursuant to
5 subsection 4 must be reviewed by the assessor with whom they are
6 filed. A taxing jurisdiction is not entitled to state
7 reimbursement pursuant to section 661 with respect to property
8 entitled to exemption under this section unless the assessor
9 certifies to the State Tax Assessor that the property qualifies
10 for such exemption. The local taxing jurisdiction shall file an
11 annual certification for business equipment exemptions by
12 November 1st following the April 1st exemption date or 30 days
13 after commitment of taxes, whichever is later, but in no event
14 later than 120 days following November 1st following the April
15 1st exemption date. All exemptions certified by the local
16 taxing jurisdiction must be applied in calculating the taxable
17 valuation of property in that jurisdiction, unless the
18 jurisdiction determines that the property is not entitled to
19 exemption and provides a corrected certification to the State Tax
20 Assessor.

21 **6. State valuation.** The State Tax Assessor shall annually
22 determine the value of property that is exempt pursuant to this
23 section based upon the business equipment exemption
24 certifications filed by local taxing jurisdictions under
25 subsection 5. The State Tax Assessor shall use the valuation of
26 exempt property so determined to compute the reimbursement
27 required by section 661 arising from property tax exemptions.
28 The State Tax Assessor shall establish a uniform methodology to
29 be used in determining the just value of certified exempt
30 property. The valuations of certified exempt property as
31 determined by the State Tax Assessor must be reported to local
32 taxing jurisdictions no later than July 1st following receipt of
33 the certified reports. The valuations determined may be appealed
34 in the same fashion as provided for the state valuation
35 determined in accordance with section 305, subsection 1, with the
36 exception that the State Board of Property Tax Review, as
37 established by Title 5, section 12004-B, subsection 6, must
38 render its decision no later than November 15th following the
39 date on which the appeal is taken. The board must certify its
40 decisions on these exemption appeals to the State Tax Assessor by
41 December 1st of the year following the application of the
42 exemption. The valuations of exempt property must be filed with
43 the Secretary of State by December 10th following the year of
44 exemption.

45 **7. State review.** The State Tax Assessor may review
46 exemption claims made under this section and may disqualify any
47 exemption certified under subsection 5 within a 2-year period
48 from the date of the local tax jurisdiction certification. In a
49 2-year period from the date of the local tax jurisdiction certification,
50 the State Tax Assessor may disqualify any exemption certified

2 case in which a local taxing jurisdiction has already received
3 reimbursement, the excess reimbursement may be offset against the
4 next reimbursement payment. A local taxing jurisdiction
5 aggrieved by a decision of the State Tax Assessor to disqualify a
6 certified exemption after the exemption amount has been filed
7 with the Secretary of State may seek review as provided by
8 section 151.

9
10 8. Legislative findings. The Legislature finds that
11 encouragement of the growth of capital investment in this State
12 is in the public interest and promotes the general welfare of the
13 people of the State. The Legislature further finds that the high
14 cost of owning qualified business property in this State is a
15 disincentive to the growth of capital investment in this State.
16 The Legislature further finds that the tax exemption set forth in
17 this section is a reasonable means of overcoming this
18 disincentive and will encourage capital investment in this State.

19
20 Sec. C-4. 36 MRSA c. 105, sub-c. 4-B, as enacted by PL 1997, c.
21 643, Pt. HHH, §3 and affected by §10, is repealed.

22 Sec. C-5. 36 MRSA c. 216 is enacted to read:

23
24 CHAPTER 216

25
26 LIMITED LOCAL OPTION SALES AND USE TAX

27
28 §1871. Definitions

29
30 As used in this chapter, unless the context otherwise
31 indicates, the following terms have the following meanings.

32
33 1. Capital project. "Capital project" means a major,
34 permanent or long-lived improvement, including, but not limited
35 to, the acquisition or development of land and structures and
36 related equipment, that would be properly chargeable to a capital
37 asset account, as distinguished from current expenditures and
38 ordinary maintenance expenses.

39
40 2. Eligible municipality. "Eligible municipality" means:

41
42 A. A municipal service district established pursuant to
43 Title 30-A, chapter 112; and

44
45 B. A municipality that has demonstrated to the satisfaction
46 of the assessor that it has adopted administrative and other
47 service-delivery practices that achieve cost savings in
48 operating funds related to administrative services and that
49 the money saved has been directed for property tax relief.
50

2 3. Municipal clerk. "Municipal clerk" means the clerk of
an eligible municipality.

4 4. Municipal referendum. "Municipal referendum" means a
referendum conducted pursuant to this chapter by an eligible
6 municipality.

8 5. Municipal treasurer. "Municipal treasurer" means the
treasurer of an eligible municipality.

10 **§1872. Authority to impose local tax; administration**

12 1. Generally. The legislative body of an eligible
14 municipality may, if the legal voters of the eligible
municipality give their approval in a referendum vote conducted
16 pursuant to section 1874, and subject to the other requirements
of this chapter, impose an additional 1% local option sales tax
18 on transactions that are otherwise subject to the tax imposed by
this Part, together with a local option use tax of an additional
20 1% on storage, use or other consumption that is otherwise subject
to the tax imposed by this Part. Any tax imposed under this
22 chapter must receive certification by the Commissioner of
Economic and Community Development pursuant to section 1875.

24 2. Collection and remittance; administration by State.
26 Retailers that collect the 1% sales and use tax adopted by an
eligible municipality pursuant to this chapter shall transfer the
28 revenue from that tax at the time and in the manner required by
chapter 219. Taxes imposed pursuant to this chapter are
30 administered by the assessor and are subject to the interest,
penalty and administrative provisions of Parts 1 and 3.

32 3. Effective date of tax. A local option sales and use tax
34 approved by the voters of an eligible municipality pursuant to
section 1874 is effective on the first day of the first full
36 calendar quarter that begins more than 60 days after the date on
which the assessor receives from the Commissioner of Economic and
38 Community Development certification of the local option sales and
use tax pursuant to section 1875. If the effective date provided
40 by this subsection does not allow the assessor to provide
retailers with at least 60 days' notice of the imposition of the
42 tax, the effective date is the beginning of the next succeeding
calendar quarter; however, a tax imposed pursuant to this chapter
44 may not take effect prior to July 1, 2004.

46 4. Expiration of tax. A local option sales and use tax
imposed pursuant to this chapter expires on the first day of the
48 calendar quarter that begins after the earliest of the following
dates:

50

- 2 A. The end of the month during which the time period for
the tax specified in the municipal referendum expires;
- 4 B. The end of the 3rd month following the month during
which the revenue limit specified in the municipal
6 referendum is reached;
- 8 C. The end of the 3rd month after the municipal clerk
forwards to the assessor certification of the discontinuance
10 of the local option sales and use tax as a result of a
referendum vote conducted in accordance with the provisions
12 of this chapter; and
- 14 D. Five years from the effective date of the tax.

16 If the expiration date provided by this subsection does not allow
the assessor to provide retailers with at least 60 days' notice
18 of the expiration of the tax, the expiration date is the
beginning of the next succeeding calendar quarter.

20 **§1873. Eligible capital projects**

22 The 1% sales and use tax authorized by this chapter may be
24 adopted only for the purpose of financing one or more eligible
capital projects that have a regional impact. Property acquired
26 pursuant to an eligible capital project must be owned by a
governmental body or regional nonprofit organization. Only the
28 following types of projects are eligible for financing under this
chapter:

30 1. Visitor facilities. A capital project that will
32 generate regional economic activity or attract and support
visitors to a region, including, but not limited to, a convention
34 and conference center, an industrial park for regional employers,
an aquarium, the repair and replacement of downtown facilities, a
36 regional land conservation or recreation project and a sports
arena;

38 2. Educational facilities. A capital project involving
40 construction or renovation that will enhance regional educational
opportunities, including, but not limited to, a regional
42 vocational center and a high school serving a municipal service
district established pursuant to Title 30-A, chapter 112. An
44 educational facility project may not be financed unless the
school administrative unit establishes and complies with a
46 maintenance and capital improvement program as required under
Title 20-A, section 4001 and a facility maintenance plan as
48 required under Title 20-A, section 15905, subsection 6;

2 3. Public infrastructure. A capital project that will
3 provide utility or transportation services to more than one
4 municipality, including, but not limited to, a regional
5 wastewater treatment system, a regional solid waste facility, a
6 transit facility, a bikeway, a parking garage and an arterial or
7 collector road;

8 4. Environmental projects. A capital project that will
9 restore or protect a natural environmental system including, but
10 not limited to, the restoration or preservation of a beach,
11 wetland or river system and the acquisition of land with regional
12 environmental significance; and

13 5. Affordable housing. A capital project for the
14 construction of affordable housing, as defined by the Maine State
15 Housing Authority.

16
17 **§1874. Referendum process**

18 1. Generally. The question of whether to impose or
19 discontinue a limited local option sales and use tax must be
20 submitted in a referendum to the legal voters of the eligible
21 municipality and approved by a majority of those voting. The
22 petition process and the voting at an election held by a town or
23 plantation that is not part of a municipal service district under
24 Title 30-A, chapter 112 must be conducted in accordance with
25 Title 30-A, sections 2528, 2529 and 2532 even if the town or
26 plantation in question has not accepted the provisions of Title
27 30-A, section 2528. The voting at elections held by
28 municipalities, other than towns and plantations that are not
29 part of a municipal service district, must be conducted in
30 accordance with the provisions of Title 21-A. The voting at
31 elections held by a municipal service district must be conducted
32 in accordance with the provisions of Title 30-A, chapter 112. A
33 referendum conducted pursuant to this section must take place at
34 a general election with a turnout equal to or greater than 30% of
35 the votes cast in that municipality in the last gubernatorial
36 election. The municipal clerk shall prepare the required
37 ballots, make a return of the results, certify those results and
38 send them to the Secretary of State, the Commissioner of Economic
39 and Community Development and the assessor.

40 2. Concurrent levies prohibited. Only one local option
41 sales and use tax may be levied in an eligible municipality at
42 one time.

43 3. Form of ballots. Ballots for questions of local option
44 sales and use taxes must be as provided in this subsection.
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2 A. Ballots on the question of whether to impose the local
option sales and use tax must read substantially as follows:

4 "Do you favor the (enactment of) (extension of) a 1% local
6 option sales and use tax to be imposed in (name of eligible
8 municipality) for a period of time not to exceed (time
period) in order to raise \$ _____ for the
purpose[s] of (purpose)?"

10 The voters shall indicate their opinion by a cross or check
12 mark placed against the word "Yes" or "No."

14 B. If an eligible municipality is to issue a debt in
16 conjunction with the purpose for which the tax is to be
18 imposed, the term of the debt may not exceed 10 years, and
20 the debt is a general obligation of the eligible
municipality that proposes to impose the tax. In such cases
the ballot must also have written or printed thereon the
following:

22 "If imposition of the tax is approved by the voters, this
24 vote also constitutes approval of the issuance of general
26 obligation debt of (name of eligible municipality) in a
principal amount not to exceed \$ _____ for
the purpose stated above."

28 C. Ballots on the question of whether to discontinue the
tax must read substantially as follows:

30 "Do you favor discontinuing by (target date of repeal) the
32 1% local option sales and use tax that has been in place in
34 (name of eligible municipality) since (original effective
36 date of tax) even if the sum of \$ _____ originally
authorized by referendum vote dated (date of original
referendum vote approving adoption of the tax) has not been
raised?"

38 The voters shall indicate their opinion by a cross or check
40 mark placed against the word "Yes" or "No."

42 **§1875. Certification of Commissioner of Economic and Community**
Development

44 **1. Commissioner of Economic and Community Development to**
46 **certify local option sales and use tax. An eligible municipality**
48 **must obtain from the Commissioner of Economic and Community**
Development a certification that the capital project or projects
to be financed by the proposed local option sales and use tax has
50 **a regional impact and is an eligible project under section 1873.**
The commissioner may not certify a local option sales and use tax

2 unless the commissioner finds that the project or projects for
3 which the tax was proposed will directly serve residents of the
4 eligible municipality and visitors and workers from communities
5 other than the eligible municipality in which the improvement is
6 located. A project does not provide a regional benefit if it is
7 primarily local in nature and serves a single municipality, with
8 only incidental or indirect benefit to residents of that
9 municipality and visitors and workers from other communities, or
10 is a type of project that is routinely funded out of the local
11 property tax. The Department of Economic and Community
12 Development may adopt rules to implement this section. Rules
13 adopted under this section are routine technical rules pursuant
14 to Title 5, chapter 375, subchapter 2-A.

15 2. Commissioner to notify assessor. The Commissioner of
16 Economic and Community Development shall notify the assessor
17 whenever the commissioner certifies a local option sales and use
18 tax pursuant to this section.

19 **§1876. Distribution of revenues**

20 Beginning on the 15th day of the 2nd month following the
21 month in which a tax adopted pursuant to this chapter first
22 becomes effective, and on the 15th day of each month thereafter,
23 the assessor shall identify the amount of revenues that have been
24 collected pursuant to local option sales and use taxes adopted
25 pursuant to this chapter, including tax, interest and penalties,
26 net of refunds, credits and other appropriate adjustments. The
27 assessor shall determine the amount of such revenues attributable
28 to each eligible municipality and subtract 2%, which must be
29 credited to the Local Option Sales Tax Fund, established in the
30 Department of Administrative and Financial Services, Bureau of
31 Revenue Services. The assessor shall certify to the Treasurer of
32 State the net amount due each eligible municipality. The
33 Treasurer of State shall make monthly payments to municipal
34 treasurers of the net amounts certified by the assessor under
35 this subsection. Revenues collected pursuant to taxes imposed
36 under this chapter do not constitute receipts from the taxes
37 imposed under this Part for purposes of transfers to the Local
38 Government Fund under Title 30-A, section 5681.

39 **§1877. Use of proceeds by eligible municipality**

40 The revenue raised by the adoption of a local option sales
41 and use tax must be held by the eligible municipality in a
42 segregated account. Revenue from that account may be expended
43 only for the purpose or purposes specified in the referendum on
44 the adoption of the tax, or to pay general obligation debt issued
45 for the approved purpose or purposes. If the proceeds exceed the
46 maximum amount specified in the referendum for the financing of

2 the capital project or projects, they must be placed in a
3 designated fund that may be used only for the purpose of
4 maintaining the project or projects once completed.

6 **Sec. C-6. 36 MRSA §5111, sub-§1-B,** as enacted by PL 1999, c.
7 731, Pt. T, §3, is amended to read:

8 **1-B. Single individuals and married persons filing separate**
9 **returns; tax years beginning 2002.** For tax years beginning on or
10 after January 1, 2002, for single individuals and married persons
11 filing separate returns, the tax imposed by this section is
12 calculated as follows, except that the top rate provided by this
13 subsection is annually reduced by .0005 starting with tax years
14 that begin during calendar year 2005, until such rate reaches
15 .0775 in 2019:

16 If Maine Taxable income is:	17 The tax is:
18 Less than \$4,200	19 2% of the Maine taxable income
20	
22 At least \$4,200 but less than \$8,350	23 \$84 plus 4.5% of the excess over \$4,200
24	
26 At least \$8,350 but less than \$16,700	27 \$271 plus 7% of the excess over \$8,350
28	
30 \$16,700 or more	31 \$856 plus 8.5% of the excess over \$16,700
32	

34 **Sec. C-7. 36 MRSA §5111, sub-§2-B,** as enacted by PL 1999, c.
35 731, Pt. T, §5, is amended to read:

36 **2-B. Heads of households; tax years beginning 2002.** For
37 tax years beginning on or after January 1, 2002, for unmarried
38 individuals or legally separated individuals who qualify as heads
39 of households, the tax imposed by this section is calculated as
40 follows, except that the top rate provided by this subsection is
41 annually reduced by .0005 starting with tax years that begin
42 during calendar year 2005, until such rate reaches .0775 in 2019:

44 If Maine Taxable income is:	45 The tax is:
46 Less than \$6,300	47 2% of the Maine taxable income
48	
50 At least \$6,300 but	49 \$126 plus 4.5%

2	less than \$12,500	of the excess over \$6,300
4	At least \$12,500 but less than \$25,050	\$405 plus 7% of the excess over \$12,500
6		
8	\$25,050 or more	\$1,284 plus 8.5% of the excess over \$25,050
10		

12 **Sec. C-8. 36 MRSA §5111, sub-§3-B**, as enacted by PL 1999, c.
13 731, Pt. T, §7, is amended to read:

14 **3-B. Individuals filing married joint return or surviving**
15 **spouses; tax years beginning 2002.** For tax years beginning on or
16 after January 1, 2002, for individuals filing married joint
17 returns or surviving spouses permitted to file a joint return,
18 the tax imposed by this section is calculated as follows, except
19 that the top rate provided by this subsection is annually reduced
20 by .0005 starting with tax years that begin during calendar year
21 2005, until such rate reaches .0775 in 2019:

24	If Maine Taxable income is:	The tax is:
26	Less than \$8,400	2% of the Maine taxable income
28		
30	At least \$8,400 but less than \$16,700	\$168 plus 4.5% of the excess over \$8,400
32		
34	At least \$16,700 but less than \$33,400	\$542 plus 7% of the excess over \$16,700
36		
38	\$33,400 or more	\$1,711 plus 8.5% of the excess over \$33,400
40		

42 **Sec. C-9. 36 MRSA §5402, sub-§1-B**, as enacted by PL 1999, c.
43 731, Pt. T, §8 and affected by §11, is repealed and the following
44 enacted in its place:

45 **1-B. Cost-of-living adjustment.** Except as provided in
46 subsection 1-C, "cost-of-living adjustment" means the Consumer
47 Price Index for the 12-month period ending June 30th of the
48 immediately preceding calendar year divided by the Consumer Price
49 Index for the immediately preceding 12-month period ending June
50 30th of the prior calendar year.

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Sec. C-10. 36 MRSA §5402, sub-§1-C is enacted to read:

1-C. Cost-of-living adjustment; 2005 to 2019. For tax years beginning on or after January 1, 2005 to December 31, 2019, "cost-of-living adjustment" means the cost-of-living adjustment as defined by subsection 1-B multiplied by 0.5.

Sec. C-11. 36 MRSA §5403, as repealed and replaced by PL 1999, c. 731, Pt. T, §10 and affected by §11, is repealed and the following enacted in its place:

§5403. Annual adjustments for inflation

Beginning in 2003, and each subsequent calendar year thereafter, on or about September 15th, the State Tax Assessor shall index for inflation the dollar amounts of the tax rate tables specified in section 5111, subsections 1-B, 2-B and 3-B by multiplying those adjusted amounts by one plus the cost-of-living adjustment. If the dollar amounts of each rate bracket, adjusted by application of the cost-of-living adjustment, are not multiples of \$50, any increase must be rounded to the next lowest multiple of \$50. If the cost-of-living adjustment for any taxable year is 1.000 or less, no adjustment may be made for that taxable year in the dollar bracket amounts of the tax rate tables. The assessor shall incorporate such changes into the income tax forms, instructions and withholding tables for the taxable year.

Sec. C-12. 36 MRSA §5404 is enacted to read:

§5404. Legislative review

The joint standing committee of the Legislature having jurisdiction over taxation matters shall review during the First Regular Session of the 124th and 127th Legislatures the impact of the reduction of the cost-of-living adjustment and the top tax rates for individuals provided by this Part. The committee may request information and assistance from the Department of Administrative and Financial Services, Bureau of Revenue Services. The committee may report out implementing legislation in order to adjust the reduction of the cost-of-living adjustment as provided in this chapter and individual income tax rates as provided in chapter 803.

Sec. C-13. 36 MRSA §6207, sub-§1, ¶A-1, as amended by PL 1997, c. 557, Pt. A, §3 and affected by Pt. G, §1, is further amended to read:

2 A-1. ~~Fifty Eighty~~ percent of that portion of the benefit
3 base that exceeds ~~4% but does not exceed 8% of income plus~~
4 ~~100% of that portion of the benefit base that exceeds 8%~~ 3%
of income to a maximum payment of ~~\$1,000~~ \$2,000.

6 **Sec. C-14. 36 MRSA §6207, sub-§2**, as amended by PL 1997, c.
7 557, Pt. A, §3 and affected by Pt. G, §1, is further amended to
8 read:

10 **2. Income eligibility.** Single-member households with
11 household incomes in excess of ~~\$25,700~~ \$39,000 and households
12 with 2 or more members with a household income in excess of
13 ~~\$40,000~~ \$51,200 are not eligible for a benefit.

14 **Sec. C-15. 36 MRSA §6651, sub-§1**, as amended by PL 2001, c.
15 396, §43, is further amended to read:

18 **1. Eligible property.** "Eligible property" means qualified
19 business property first placed in service in the State, or
20 constituting construction in progress commenced in the State,
21 after April 1, 1995, but does not include any property that is
22 exempt from property tax under section 662. "Eligible property"
23 includes, without limitation, repair parts, replacement parts,
24 additions, accessions and accessories to other qualified business
25 property placed in service on or before April 1, 1995 if the
26 part, addition, accession or accessory is first placed in
27 service, or constitutes construction in progress, in the State
28 after April 1, 1995, but does not include any property that is
29 exempt from property tax under section 662. "Eligible property"
30 also includes inventory parts.

32 **Sec. C-16. 36 MRSA §6654**, as amended by PL 2001, c. 714, Pt.
33 BB, §1 and affected by §4, is further amended to read:

34 **§6654. Claim for reimbursement**

36 A person entitled to reimbursement of property taxes paid
37 with respect to eligible property pursuant to section 6652 may
38 file a claim for reimbursement with the State Tax Assessor. The
39 reimbursement claim must be filed with the State Tax Assessor on
40 or after August 1st and on or before the following December 31st
41 for property taxes paid during the preceding calendar year for
42 which no previous reimbursement pursuant to this chapter has been
43 made. For good cause, the State Tax Assessor may at any time
44 extend the time for filing a claim for reimbursement for a period
45 not exceeding 60 days from the original due date. An application
46 for reimbursement may not be filed after February 29, 2016.
47 Except as otherwise provided, the claim must be accompanied by
48 the statement obtained by the claimant pursuant to section 6653.
49 If the claimant requests reimbursement of an amount of tax that

2 differs from the amount of tax specified for the eligible
property in the statement provided by the assessor or assessors
4 of the taxing jurisdiction, the claimant must attach to the claim
form an explanation of the reasons for that difference and the
6 State Tax Assessor shall determine the correct amount of
reimbursement to which the claimant is entitled, taking into
8 consideration both the statement from the assessor or assessors
and the taxpayer's explanation. If, for any reason, the claimant
10 is unable to obtain the statement specified in section 6653 from
the assessor or assessors within the time specified in section
12 6653, the claimant must attach to the claim form an explanation
of the amount of reimbursement requested and the State Tax
Assessor shall process the claim without that statement.

14
16 **Sec. C-17. Application.** That section of this Part that
repeals the Maine Revised Statutes, Title 36, chapter 105,
18 subchapter 4-B is effective April 1, 2004. Those sections of
this Part that amend Title 36, section 6207, subsection 1,
20 paragraph A-1 and subsection 2 apply to Maine Residents Property
Tax Program applications filed after July 31, 2004.

22

PART D

24

26 **Sec. D-1. Local Option Sales Tax Reserve Fund; transfer**
authorized. The Local Option Sales Tax Reserve Fund, referred to
in this section as "the fund," is created under the jurisdiction
28 and control of the Department of Administrative and Financial
Services, Bureau of Revenue Services. The State Controller shall
30 transfer \$956,561 in fiscal year 2004-05 from the Undedicated
Revenue Account within the General Fund to the fund to pay for
32 start-up costs of the administration of the local option sales
tax. Beginning on the 15th day of the 2nd month following the
34 month in which a tax adopted pursuant to the Maine Revised
Statutes, Title 36, chapter 216 first becomes effective and on
36 the 15th day of each month thereafter, the State Controller shall
transfer 2% of revenues attributable to the local option sales
38 tax to the fund. Expenditures from the fund may be made only for
the administration of the local option sales tax. Funds
40 allocated or appropriated to the fund may not lapse but must be
carried forward.

42

44 **Sec. D-2. Appropriations and allocations.** The following
appropriations and allocations are made.

46

**ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF**

48

Revenue Services - Bureau of 0002

50

Initiative: Provides funds for 3 Claims Administration positions.

2

General Fund	2003-04	2004-05
Positions - Legislative Count	(0.000)	(3.000)
Personal Services	\$0	\$165,786
All Other	0	88,500
General Fund Total	\$0	\$254,286

4

6

8

10 **Revenue Services - Bureau of 0002**

12 Initiative: Provides for the deappropriation of funds due to the
14 repeal of the Maine Revised Statutes, Title 36, chapter 105,
subchapter 4-B as of April 1, 2004.

General Fund	2003-04	2004-05
All Other	\$0	(\$34,931,664)
General Fund Total	\$0	(\$34,931,664)

18

20

22 **Revenue Services - Bureau of 0002**

24 Initiative: Provides for the appropriation to the Municipal
26 Service District Fund of one-time savings from repeal of the
Maine Revised Statutes, Title 36, chapter 105, subchapter 4-B.

26

General Fund	2003-04	2004-05
All Other	\$0	\$7,821,908
General Fund Total	\$0	\$7,821,908

28

30

32 **Revenue Services - Bureau of 0002**

34 Initiative: Provides funds to reimburse municipalities for 90%
36 of the estimated local administrative costs incurred from the
repeal of the Maine Revised Statutes, Title 36, chapter 105,
subchapter 4-B.

38

General Fund	2003-04	2004-05
All Other	\$0	\$190,000
General Fund Total	\$0	\$190,000

40

42

44 **Revenue Services - Bureau of 0002**

46 Initiative: Provides funds for increased benefits under the
48 Maine Residents Property Tax Program due to the expansion in the
program.

50

General Fund	2003-04	2004-05
---------------------	----------------	----------------

2	All Other	\$0	\$25,807,443
4	General Fund Total	\$0	\$25,807,443

Revenue Services - Bureau of 0002

6 Initiative: Provides funds to hire additional personnel to
 8 process the increased number of applications due to the expansion
 10 in the Maine Residents Property Tax Program. Also includes funds
 12 to make changes in Maine's automated tax system to reflect the
 changes in the program and to print and mail the additional
 application forms and instructions.

14	General Fund	2003-04	2004-05
	Positions - Legislative Count	(0.000)	(2.000)
16	Personal Services	\$0	\$92,270
	All Other	0	182,913
18	General Fund Total	\$0	\$275,183

Revenue Services - Bureau of 0002

22 Initiative: Provides initial funding to pay for the costs of
 24 implementing the local option sales tax initiative. Start-up
 costs will be for software development. Funds allocated for
 26 fiscal year 2004-05 will pay the cost of ongoing administration
 of the initiative.

28	Other Special Revenue Funds	2003-04	2004-05
30	Positions - Legislative Count	(0.000)	(3.000)
	Personal Services	\$0	\$134,696
32	All Other	0	821,865
34	Other Special Revenue Funds Total	\$0	\$956,561

**ADMINISTRATIVE AND FINANCIAL SERVICES,
 DEPARTMENT OF**

38	DEPARTMENT TOTALS	2003-04	2004-05
40	GENERAL FUND	\$0	(\$131,120)
42	OTHER SPECIAL REVENUE FUNDS	0	956,561
44	DEPARTMENT TOTAL - ALL FUNDS	\$0	\$825,441

PART E

48 **Sec. E-1. Intent of Legislature; competing measure.** It is the
 50 intent of the Legislature that this Resolution be interpreted as
 a competing measure within the meaning of the Constitution of

2 Maine, Article IV, Part Third, Section 18, Subsection 2 with
3 Initiated Bill 3, Legislative Document 1372 of the 121st
4 Legislature, "An Act To Enact the School Finance and Tax Reform
5 Act of 2003." It is the further intent of the Legislature that
6 this measure be subject to referendum as a competing measure with
7 that bill.

8 **Sec. E-2. Statutory referendum procedure; submission at statewide**
9 **election; form of question; effective date.** This Resolution must be
10 submitted to the legal voters of the State of Maine at the next
11 statewide election in the month of November following passage of
12 this Resolution as a competing measure with Initiated Bill 3,
13 Legislative Document 1372 of the 121st Legislature, "An Act To
14 Enact the School Finance and Tax Reform Act of 2003." The
15 municipal officers of this State shall notify the inhabitants of
16 their respective cities, towns and plantations to meet, in the
17 manner prescribed by law for holding a statewide election, to
18 vote on the acceptance or rejection of this Resolution by voting
19 on the following question:

20 "Do you want the State to pay 55% of the annual cost of
21 public education and lower property taxes by cutting
22 government spending?"

23 The legal voters of each city, town and plantation shall
24 vote by ballot on this question and the question established by
25 the Secretary of State for Initiated Bill 3 and shall designate
26 their choice by a cross or check mark placed in the corresponding
27 square next to either the question relating to Initiated Bill 3,
28 the question relating to the competing measure or an option of
29 against both Initiated Bill 3 and the competing measure. The
30 ballots must be received, sorted, counted and declared in open
31 ward, town and plantation meetings and returns made to the
32 Secretary of State in the same manner as votes for members of the
33 Legislature. The Governor shall review the returns and, if it
34 appears that a majority of the legal votes are cast in favor of
35 the Resolution, the Governor shall proclaim that fact without
36 delay, and the Resolution takes effect in accordance with the
37 Constitution of Maine, Article IV, Part Third, Section 19.

40

42 SUMMARY

43 This bill proposes a resolution as a competing measure with
44 Initiated Bill 3, Legislative Document 1372 of the 121st
45 Legislature, "An Act to Enact the School Finance Act of 2003."

46 This bill provides a comprehensive, self-funded fiscal
47 reform package that reduces costs of governmental services now
48 borne by municipalities and reduces property tax burdens. This
49

2 bill provides tools enabling the State to pay 55% of the cost of
public education while reducing local property taxes. The
4 proposed changes in current tax laws make funds available to
serve as financial incentives for municipalities to establish
6 municipal service districts that will regionalize and create
efficiencies in delivery of public services currently provided by
municipalities. The proposed tax law changes are also intended
8 to increase Maine's economic competitiveness.

10 **PART A**

12 Part A provides for establishment of municipal service
districts. This Part induces municipalities to cooperate in the
14 efficient and effective exercise of municipal obligations and
home-rule authority pursuant to the Maine Revised Statutes, Title
16 30-A, Part 2 through voluntary creation of municipal service
districts. Pursuant to its charter and using home-rule authority
18 delegated by the municipalities that form it, a municipal service
district will assume its participating municipalities' powers and
20 duties regarding public education, taxation and budgeting, land
use and other matters. A majority of the voters in each of the
22 participating municipalities must approve formation of a
municipal service district.

24 **PART B**

26 Part B of this resolution provides financial incentives for
28 municipalities to establish municipal service districts to
achieve resulting cost savings and tax burden reductions for
30 their citizens.

32 It establishes a bonus in general purpose aid for local
schools for municipal service districts. When municipalities
34 form a municipal service district, the district is entitled to an
annual 10% bonus in general purpose aid for local schools,
36 calculated as 10% of that to which each of its participating
municipalities is entitled. This incentive will be available to
38 a municipal service district for 5 years, beginning in the year
following the year in which the district is formed.

40 It provides that the State will annually reimburse municipal
42 service districts for their participating municipalities' share
of county taxes supporting district attorneys' services, court
44 rents and services, jails and registries of probate and deeds.
This incentive will be available to a municipal service district
46 beginning in the year following the year in which the district is
formed.

48 It establishes the Municipal Service District Fund. A
50 dedicated, special revenue account, this fund will be capitalized

2 with state cost savings realized through elimination of the
3 personal property tax on machinery and equipment and phaseout of
4 the BETR program and a one-time savings generated through
5 redirection of the current homestead exemption as provided in
6 Part C. The fund may be used by the State only to pay for 50% of
7 participating municipalities' general obligation debts,
8 participating municipalities' share of county taxes and the 10%
9 general purpose aid for education bonus.

10 It provides for a one-time assumption by the State of 50% of
11 the total general obligation debts of all municipalities that
12 join to form municipal service districts. The general
13 obligations that the State will assume are those that were
14 incurred before June 30, 2003 and that would otherwise have to be
15 paid with local property tax revenue.

16 In order to encourage municipalities to form municipal
17 service districts promptly, this Part provides that only those
18 municipal service districts formed on or before January 1, 2009
19 are entitled to the financial incentives through the Municipal
20 Service District Fund.

21 It authorizes the joint standing committee of the
22 Legislature having jurisdiction over taxation matters, the joint
23 standing committee of the Legislature having jurisdiction over
24 appropriations and allocations matters and the joint standing
25 committee of the Legislature having jurisdiction over state and
26 local government matters to develop and report out legislation on
27 specified topics in accordance with the intentions of and not
28 inconsistent with the purposes and intents of the resolution.
29

32 **PART C**

34 Part C of this bill provides a package of tax law changes.

36 It requires a municipality that is a member of a municipal
37 service district to pay to the Treasurer of State the amount
38 received from the Treasurer of State pursuant to the Constitution
39 of Maine, Article IV, Part Third, Section 23, which mandates
40 reimbursement of 50% of the property tax revenue loss suffered by
41 a municipality due to statutory property tax exemptions or
42 credits enacted after April 1, 1978. The municipal service
43 district is then paid by the Treasurer of State 50% of the
44 property tax revenue loss in each of the municipalities in the
45 municipal service district.

46 Part C establishes a property tax exemption for property
47 that would have been first subject to property tax after April 1,
48 2003 in the absence of this exemption. Property placed in
49 service on or before April 1, 2003 will remain eligible for the

2 Business Equipment Tax Reimbursement program for the duration of
the 12-year window for BETR program entitlement. Property placed
4 in service on or before April 1, 2003 will remain subject to
property taxation as long as it continues to be otherwise subject
6 to personal property taxation in Maine. This section also
establishes a procedure whereby the business equipment entitled
8 to personal property tax exemption will be valued by the State
Tax Assessor. Continuing valuation of this class of property
10 will be required in order to provide the required 50% municipal
reimbursement lost property tax revenues. Valuation by the State
12 Tax Assessor will help ensure uniform determinations of just
value, eliminate the opportunity for inflated municipal
14 valuations and relieve the municipalities of the burden of
continuing to value exempt property.

16 It allows municipal service districts, qualified service
center communities and municipalities that the State Tax Assessor
18 determines have achieved cost savings related to administrative
services and used the money saved for property tax relief to
20 adopt a 1% limited local option sales and use tax for specific
purposes and for a specific time period, contingent upon the
22 certification of the Commissioner of Economic and Community
Development.

24 This Part provides for the reduction of the top individual
26 income tax rates from 8.5% to 7.75% by reducing the tax rates by
.0005 each year from 2005 to 2019. The reductions are partially
28 funded from savings that are the result of reducing the
cost-of-living adjustment by 1/2 during the same time period.
30 The joint standing committee of the Legislature having
jurisdiction over taxation matters is directed to review the
32 impact of the rate reductions and the reduction in the
cost-of-living adjustments. The committee is further authorized
34 to report out implementing legislation to adjust the reductions
provided for in this bill.

36 It repeals the Maine Revised Statutes, Title 36, chapter
38 105, subchapter 4-B as of April 1, 2004.

40 It expands the Maine Residents Property Tax Program, the
so-called "circuit breaker" program, for applications filed after
42 July 31, 2004. It provides that the changes to the Maine
Residents Property Tax Program apply to applications filed after
44 July 31, 2004.

46 It clarifies what personal property qualifies for
reimbursement under the Business Equipment Tax Reimbursement
48 program, as amended.

50 **PART D**

2 Part D establishes the Local Option Sales Tax Reserve Fund.
3 Part D requires the State Controller to transfer \$956,561 in
4 fiscal year 2004-05 from the Undedicated Revenue Account within
5 the General Fund to the fund to pay for start-up costs of the
6 administration of the local option sales tax. Part D also
7 provides for the transfer to the fund of 2% of revenues
8 attributable to a local option sales tax adopted pursuant to the
9 Maine Revised Statutes, Title 36, chapter 215 to be used only for
10 the administration of the local option sales tax.

12 Part D provides the necessary appropriations and allocations.

14 It appropriates \$254,286 in fiscal year 2004-05 from the
15 General Fund for 3 Claims Administration positions and related
16 expenses in the Department of Administrative and Financial
17 Services.

18 It deappropriates \$34,931,664 from the General Fund due to
19 the repeal of the Maine Revised Statutes, Title 36, chapter 105,
20 subchapter 4-B as of April 1, 2004.

22 It appropriates from the General Fund in fiscal year 2004-05
23 to the Municipal Service District Fund \$7,821,908 of one-time
24 savings from repeal of the Maine Revised Statutes, Title 36,
25 chapter 105, subchapter 4-B.

28 It appropriates \$190,000 from the General Fund in fiscal
29 year 2004-05 to reimburse municipalities for 90% of the estimated
30 local administrative costs incurred from the repeal of the Maine
31 Revised Statutes, Title 36, chapter 105, subchapter 4-B.

32 It appropriates \$25,807,443 from the General Fund in fiscal
33 year 2004-05 for increased benefits under the Maine Residents
34 Property Tax Program due to the expansion in the program.

36 It appropriates \$275,183 from the General Fund in fiscal
37 year 2004-05 to provide funds to hire additional personnel to
38 process the increased number of applications due to the expansion
39 in the Maine Residents Property Tax Program. This appropriation
40 also includes funds to make changes in Maine's automated tax
41 system to reflect the changes in the program and to print and
42 mail the additional application forms and instructions.

44 It allocates \$956,561 from Other Special Revenue funds to
45 provide initial funding to pay for the costs of implementing the
46 local option sales tax initiative. Start-up costs will be for
47 software development. Funds allocated for fiscal year 2004-05
48 will pay the cost of ongoing administration of the initiative.

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PART E

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Part E specifies that it is the intent of the Legislature that this bill be interpreted as a competing measure within the meaning of the Constitution of Maine, Article IV, Part Third, Section 18, Subsection 2 with Initiated Bill 3, Legislative Document 1372 of the 121st Legislature, "An Act To Enact the School Finance and Tax Reform Act of 2003," as well as the Legislature's intent that it be subject to referendum as a competing measure with that bill.