

MAINE STATE LEGISLATURE

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R.O.S.

L.D. 1824

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DATE: 4-28-04

(Filing No. H-963)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
SECOND SPECIAL SESSION

HOUSE AMENDMENT "C" to H.P. 1347, L.D. 1824, Bill, "An Act To Provide Property Tax Relief to Maine Homeowners"

Amend the bill by striking out everything after the title and before the summary and inserting in its place the following:

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

PART A

Sec. A-1. 36 MRSA §6201, sub-§11-A, as amended by PL 1999, c. 401, Pt. R, §1 and affected by §2, is further amended to read:

11-A. Rent constituting property taxes accrued for nonelderly household. "Rent constituting property taxes accrued for nonelderly household" means 18% 20% of the gross rent actually paid in cash or its equivalent in any tax year by a claimant and the claimant's household solely for the right of occupancy of their Maine homestead in the tax year and which rent constitutes the basis, in the succeeding calendar year, of a claim for relief under this chapter by the claimant.

Sec. A-2. 36 MRSA §6203, as enacted by PL 1987, c. 516, §§3 and 6, is repealed.

Sec. A-3. 36 MRSA §§6203-A and 6203-B are enacted to read:

§6203-A. Payment of claim

1. Payment options. Claimants under this chapter may select any one of the following payment options for each claim.

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2 A. The claimant may choose to have payment made directly to
3 the claimant.

4 B. Beginning with claims filed in 2006, the claimant may
5 choose to have the payment applied against the claimant's
6 individual income tax for the income tax year in which the
7 claim is payable.

8 C. The claimant may choose to have payment made directly to
9 the municipality where the claimant's homestead is located.

12 2. Payment procedure. Upon approval of claims by the State
13 Tax Assessor, the assessor shall prepare and certify a list of
14 individuals entitled to a claim under this chapter who have
15 chosen a payment option authorized under subsection 1, paragraph
16 A or C, together with the respective amount attributable to each
17 individual and indicating the payment option chosen by the
18 claimant, and shall forward the list to the State Controller on
19 or before September 30th, except that for calendar year 2004 the
20 certification must be made on or before October 10th. The
21 Treasurer of State, upon direction of the State Controller, shall
22 pay and distribute the claims certified by the assessor to the
23 appropriate payee on or before October 20th. A claim of less
24 than \$10 may not be granted. Claims not certified by the
25 assessor by September 30th may be certified as soon as
26 practicable thereafter, but such claims need not be paid by the
27 State Controller by October 20th.

28 3. Review by State Tax Assessor; setoff required. The
29 assessor shall review every application filed pursuant to this
30 chapter and may reject a claim if the assessor determines that no
31 claim is due. If the assessor determines that a claim has been
32 incorrectly determined, the assessor shall adjust the claim. The
33 assessor shall notify the claimant in writing of any rejection or
34 adjustment and the reasons therefor. The rejection or adjustment
35 is final unless appealed by the claimant pursuant to section
36 6229. The assessor shall set off against the claim payment any
37 other tax liability owed by the claimant pursuant to this Title.

40 4. Payments made in error. If the assessor determines that
41 a claim has been incorrectly calculated or paid in error, the
42 amount paid may be recovered by assessment pursuant to section
43 141, and the assessment bears interest from the date of payment
44 of the claim, until refunded or paid, at the rate provided by
45 section 186.

46 §6203-B. Procedure for reimbursement

48 At least monthly on or before the last day of the month, the
49 State Tax Assessor shall determine the benefit for each claimant
50

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2 under this chapter and certify the amount to the State Controller
3 to be transferred to the so-called circuit breaker reserve
4 established, maintained and administered by the State Controller
5 from the General Fund undedicated revenue within the individual
6 income tax category. At least monthly, payments of claims must be
7 made as provided in section 6203-A.

8 **Sec. A-4. 36 MRS §6204**, as amended by PL 2001, c. 396. §42,
9 is further amended to read:

10 **§6204. Filing date**

11 A claim may not be paid unless the claim is filed with the
12 Bureau of Revenue Services on or after August 1st and on or
13 before the following December 31st. With regards to a year for
14 which relief is requested that begins after 2003, the period for
15 filing a claim with the Bureau of Revenue Services begins on
16 January 1st following the year for which relief is requested and
17 ends on the following June 30th.

18 **Sec. A-5. 36 MRS §6206, sub-§§1 and 2**, as enacted by PL 1987,
19 c. 516, §§3 and 6, are amended to read:

20 **1. Single-member elderly households.** For single-member
21 elderly households, the benefit shall--be is calculated as
22 follows:

23	If household income equals	The benefit equals:
24	\$0 to \$6,800 \$11,000	100% of the benefit base up
25		to a maximum of \$400
26	\$6,801 to \$7,000	75% of the benefit base up
27	<u>\$11,001 to \$11,400</u>	to a maximum of \$300
28	\$7,001 to \$7,200	50% of the benefit base up
29	<u>\$11,401 to \$11,800</u>	to a maximum of \$200
30	\$7,201 to \$7,400	25% of the benefit base up
31	<u>\$11,801 to \$12,100</u>	to a maximum of \$100

32 **2. Elderly households with 2 or more members.** For elderly
33 households with 2 or more members, the benefit shall--be is
34 calculated as follows:

35 If household income equals The benefit equals:

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2	\$0 to \$8,100 <u>\$13,100</u>	100% of the benefit base up to a maximum of \$400
4		
6	\$8,101 to \$8,500 <u>\$13,101 to \$13,900</u>	75% of the benefit base up to a maximum of \$300
8		
10	\$8,501 to \$8,800 <u>\$13,901 to \$14,500</u>	50% of the benefit base up to a maximum of \$200
12		
12	\$8,801 to \$9,200 <u>\$14,501 to \$15,000</u>	25% of the benefit base up to a maximum of \$100

14 **Sec. A-6. 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:

18 A-1. Fifty percent of that portion of the benefit base that exceeds 4% but does not exceed 8% of income plus 100% of that portion of the benefit base that exceeds 8% of income to a maximum payment of \$1,000 for claims filed in 2004 and \$1,500 for claims filed in subsequent years.

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

28 **2. Income eligibility.** Single-member households with household incomes in excess of ~~\$25,700~~ \$60,000 and households with 2 or more members with a household income in excess of ~~\$40,000~~ \$80,000 are not eligible for a benefit.

32 **Sec. A-8. 36 MRSA §6209, sub-§1**, as amended by PL 1989, c. 508, §25, is further amended to read:

36 **1. Household limitation adjustment.** Beginning March 1, ~~1989~~ 2004, and annually thereafter, the State Tax Assessor shall determine the household income eligibility adjustment factor. That factor shall ~~must~~ be multiplied by the income limitations in section 6206, applicable for the year prior to that for which relief is requested. The result shall ~~must~~ be rounded to the nearest \$100 and shall ~~apply~~ applies to the year for which relief is requested corresponding to the year on which the annualized cost of living adjustments were based. Beginning March 1, ~~1991~~ 2004, the same procedure shall ~~must~~ be employed to adjust the income limitation in section 6207, subsection 2.

48 **Sec. A-9. Application.** Those sections of this Act that amend or enact the Maine Revised Statutes, Title 36, section 6203-A; section 6204; and section 6209, subsection 1 apply to

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applications filed on or after January 1, 2005, exclusive of applications filed on extension from the prior filing period. Those sections of this Act that amend other provisions of the Maine Revised Statutes, Title 36, chapter 907 apply to applications filed on or after August 1, 2004.

Sec. A-10. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Bureau of Revenue Services

Initiative: Provides funding for the additional administrative costs associated with the changes in the Maine Residents Property Tax Program in this Part.

General Fund	2003-04	2004-05
Positions - Legislative Count	(0.000)	(1.000)
Personal Services	\$0	\$48,617
All Other	0	94,950
General Fund Total	\$0	\$143,567

PART B

Sec. B-1. 20-A MRSA §15653, sub-§4, as amended by PL 2003, c. 20, Pt. C, §3, is further amended to read:

4. Statewide local share. For fiscal year ~~2003-04~~ 2004-05, the statewide local share amount of the operating costs allocation is based on the sum of the amounts determined by multiplying for each unit ~~6.74~~ 6.41 mills times the unit's property fiscal capacity. In subsequent years the mill rate is 7.57 mills, except that the Legislature shall determine if an increase is needed to achieve the targeted per pupil guarantee under this section.

Sec. B-2. Basic elementary and secondary per pupil operating rates. Notwithstanding any other provision of law, the basic elementary per pupil operating rate for fiscal year 2004-05 is \$5,508 and the basic secondary per pupil operating rate for fiscal year 2004-05 is \$6,124. The foundation per pupil operating rate for fiscal year 2004-05 is \$5,709.

Sec. B-3. Per pupil guarantee and statewide factor. Notwithstanding any other provision of law, the per pupil

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guarantee for fiscal year 2004-05 is \$5,013. The statewide factor for fiscal year 2004-05 is 0.61410.

Sec. B-4. Foundation allocation. Notwithstanding any other provision of law, the foundation allocation of state and local funds for fiscal year 2004-05 for the purposes listed in this section is as follows:

	2004-05
	TOTAL
Operating	
Per pupil guarantee pursuant to the Maine Revised Statutes, Title 20-A, section 15653, subsection 1	\$1,055,307,634
Program Costs	
Early Childhood	1,367,317
Special Education (Local)	195,504,985
Special Education (Tuition and Board)	19,395,944
Vocational Education	34,423,516
Transportation Operating	76,147,845
Bus Purchases (including lease-purchases)	10,000,000
Program Cost Total	336,839,607
Less percentage reduction pursuant to the Maine Revised Statutes, Title 20-A, section 15603, subsection 26-A, paragraph F	(7,141,000)
Adjusted Program Cost Total	329,698,607
Foundation Total - Combined Adjusted Operating and Program Cost	\$1,385,006,241

Sec. B-5. Foundation subsidy indexes. Notwithstanding any other provision of law, this section establishes mill rates pursuant to the Maine Revised Statutes, Title 20-A, chapter 606 as follows: operating cost millage, 8.71 mills; program millage limit, 1.36 mills.

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Sec. B-6. Foundation reduction percentages. Notwithstanding any other provision of law, this section establishes reduction percentages as follows: program cost reduction percentage, 2.12%; transportation operating reduction percentage, 2.12%.

Sec. B-7. Foundation appropriation. Notwithstanding any other provision of law, the foundation appropriation provided for general purpose aid for local schools for the fiscal year beginning July 1, 2004 and ending June 30, 2005 is calculated as follows:

	2004-05 TOTAL	2004-05 STATE
Foundation Total - Combined Adjusted Operating and Program Cost	\$1,385,006,241	\$658,581,719
Minimum State Subsidy	2,276,772	2,276,772
ADJUSTED FOUNDATION ALLOCATION TOTAL	\$1,387,283,013	\$660,858,491

Sec. B-8. Debt service allocation. Notwithstanding any other provision of law, the debt service allocation of state and local funds for fiscal year 2004-05 for the purposes listed in this section is as follows:

	2004-05 TOTAL
Debt Service Costs	
Principal and interest	\$73,787,290
Approved leases and lease-purchases of space	6,178,767
Insured value factor	3,055,623
Debt Service Cost Total	83,021,680
Less percentage reduction of insured value factor pursuant to the Maine Revised Statutes, Title 20-A, section 15603, subsection 26-A, paragraph F	(64,779)
Adjusted Debt Service Cost Total	\$82,956,901

Sec. B-9. Debt service subsidy indexes. Notwithstanding any other provision of law, this section establishes mill rates pursuant to the Maine Revised Statutes, Title 20-A, chapter 606

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2 as follows: operating cost millage, 8.71 mills; debt service millage limit, 0.38 mills.

4 **Sec. B-10. Debt service reduction percentages.** Notwithstanding any other provision of law, this section establishes reduction percentages as follows: insured value factor reduction percentage, 2.12%.

8 **Sec. B-11. Debt service appropriation.** Notwithstanding any other provision of law, the debt service appropriation provided for general purpose aid for local schools for the fiscal year beginning July 1, 2004 and ending June 30, 2005 is calculated as follows:

	2004-05 TOTAL	2004-05 STATE
18 ADJUSTED DEBT SERVICE ALLOCATION TOTAL	\$82,956,901	\$59,216,433
20	2004-05 TOTAL	2004-05 STATE
22 COMBINED ADJUSTED FOUNDATION AND ADJUSTED DEBT SERVICE ALLOCATIONS		
24 TOTAL	\$1,470,239,914	\$720,074,924

26 **Sec. B-12. Adjustments and miscellaneous costs allocation.** Notwithstanding any other provision of law, the adjustments and miscellaneous costs allocation of state funds for fiscal year 2004-05 for the purposes listed in this section is as follows:

	2004-05 TOTAL
32 Adjustments and Miscellaneous Costs	
34 Cost of geographic isolation adjustments	\$489,904
36 Cost of quality incentive adjustments	0
38 Audit adjustments	0
40 Cost of reimbursement for private school Services	203,031
42	
44 Special education tuition and board for state wards and other pupils placed directly by the State	11,231,613
46	
48 State agency clients	25,839,830
50 English as a second language	2,129,818

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2	Out-of-district placements	2,981,064
4	Long-term drug treatment centers	166,392
6	Maine Education Policy Research Institute	150,000
8	Essential Programs and Services Contract	75,000
10	Carpenter bus loan	550,000
12	Regionalization/consolidation/efficiency assistance	125,000
14	Learning results accountability	250,000
16	Learning results implementation and	
18	assessment	1,112,000
20	Total Adjustments	<u>\$45,303,652</u>

22 **Sec. B-13. Adjustments and miscellaneous costs appropriation.**
 24 Notwithstanding any other provision of law, the adjustments and
 26 miscellaneous costs appropriation provided for general purpose
 aid for local schools for the fiscal year beginning July 1, 2004
 and ending June 30, 2005 is calculated as follows:

	2004-05 TOTAL	2004-05 STATE
28		
30		
	ADJUSTMENTS AND MISCELLANEOUS COSTS	
	TOTAL	\$45,303,652
32		
	FOUNDATION, DEBT SERVICE AND	
34	ADJUSTMENTS AND MISCELLANEOUS COSTS	
	TOTAL	\$1,515,543,566
36		

38 **Sec. B-14. Limit of State's obligation.** If the State's continued
 obligation for any individual program contained in sections 4, 7,
 8, 11, 12 and 13 of this Part exceeds the level of funding
 40 provided for that program, any unexpended balances occurring in
 other programs may be applied to avoid proration of payments for
 42 any individual program. Any unexpended balances from sections 4,
 7, 8, 11, 12 and 13 of this Part may not lapse but must be
 44 carried forward for the same purposes.

46 **Sec. B-15. Authorization of payments.** Sections 1 to 14 of this
 Part may not be construed to require the State to provide
 48 payments that exceed the appropriation of funds for general

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purpose aid for local schools for the fiscal year beginning July 1, 2004 and ending June 30, 2005.

Sec. B-16. Component funding. In accordance with the Maine Revised Statutes, Title 20-A, section 15607, subsection 3, component funding within general purpose aid for local schools for the fiscal year 2004-05 is as follows:

	2004-05
Foundation (including Minimum State Subsidy)	\$660,858,491
Debt Service	59,216,433
Adjustments	45,303,652
	<hr/>
TOTAL	\$765,378,576

Sec. B-17. General purpose aid for local schools; fiscal year 2003-04 balances. Notwithstanding any other provision of law, the total amount of funds available in the General Purpose Aid for Local Schools program in this Part to be distributed to school administrative units in fiscal year 2004-05 includes \$5,050,000 in funds carried forward from fiscal year 2003-04.

Sec. B-18. Appropriations and allocations. The following appropriations and allocations are made.

EDUCATION, DEPARTMENT OF

General Purpose Aid for Local Schools 0308

Initiative: Provides additional funds for the General Purpose Aid for Local Schools program.

General Fund	2003-04	2004-05
All Other	\$0	\$25,000,000

PART C

Sec. C-1. 36 MRSA §4365, as amended by PL 2001, c. 439, Pt. SSSS, §1, and affected by §4, is further amended to read:

§4365. Rate of tax

A tax is imposed on all cigarettes imported into this State or held in this State by any person for sale at the rate of 47 87.5 mills for each cigarette. Payment of the tax is evidenced by the affixing of stamps to the packages containing the cigarettes. If an individual purchases in any one month

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unstamped packages containing cigarettes in a quantity greater than 2 cartons from a person other than a licensed distributor or dealer, the tax may be assessed directly against the purchaser by the State Tax Assessor within 3 years from the date of the purchase.

Sec. C-2. 36 MRSA §4365-F is enacted to read:

§4365-F. Application of cigarette tax rate increase effective August 1, 2004

The following provisions apply to cigarettes held for resale on August 1, 2004.

1. Stamped rate. Cigarettes stamped at the rate of 50 mills per cigarette and held for resale after July 31, 2004 are subject to tax at the rate of 87.5 mills per cigarette.

2. Liability. A person possessing cigarettes for resale is liable for the difference between the tax rate of 87.5 mills per cigarette and the tax rate of 50 mills per cigarette in effect before August 1, 2004. Stamps indicating payment of the tax imposed by this section must be affixed to all packages of cigarettes held for resale as of August 1, 2004, except that cigarettes held in vending machines as of that date do not require that stamp.

3. Vending machines. Notwithstanding any other provision of this chapter, it is presumed that all cigarette vending machines are filled to capacity on August 1, 2004 and that the tax imposed by this section must be reported on that basis. A credit against this inventory tax must be allowed for cigarettes stamped at the rate of 87.5 mills per cigarette placed in vending machines before August 1, 2004.

4. Payment. Payment of the tax imposed by this section must be made to the State Tax Assessor in equal monthly installments by June 30, 2005, accompanied by forms prescribed by the assessor.

Sec. C-3. 36 MRSA §4366-D, as enacted by PL 2001, c. 450, Pt. D, §1, is repealed.

PART D

Sec. D-1. 36 MRSA §4403, sub-§§1 and 2, as amended by PL 1989, c. 588, Pt. D, §4, are repealed and the following enacted in their place:

2 1. Smokeless tobacco. A tax is imposed on all smokeless
3 tobacco, including chewing tobacco and snuff, at the rate of 75%
4 of the wholesale sales price.

6 2. Other tobacco. A tax is imposed on cigars, pipe tobacco
7 and other tobacco intended for smoking at the following rates:

8 A. For cigars, the tax is 20% of the wholesale sales price;
9 and

10 B. For pipe tobacco and other tobacco intended for smoking,
11 the tax is 100% of the wholesale sales price.

12 **Sec. D-2. Application.** That section of this Part that repeals
13 and replaces the Maine Revised Statutes, Title 36, section 4403,
14 subsections 1 and 2 applies to wholesale sales on or after August
15 1, 2004.

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20 **PART E**

21 **Sec. E-1. 30-A MRSA c. 3, sub-c. 3 is enacted to read:**

22
23 **SUBCHAPTER 3**

24
25 **COUNTY APPROPRIATION LIMITATION**

26
27 **§981. County appropriation limitations**

28 Notwithstanding the other provisions of this chapter, the
29 following limitations apply to a county services appropriation
30 for county fiscal years that begin on or after January 1, 2005.

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

34 A. "County budget authority" means a body with authority to
35 adopt a county budget under this chapter.

36 B. "County services appropriation" means the total amount
37 of money raised and appropriated to pay for services,
38 programs and public debt that is included in a county's
39 annual budget but does not include any grant or subsidy that
40 the county receives from the Federal Government.

41 C. "Exceptional circumstances" means an unforeseen
42 condition or conditions over which the county budget

2 authority has little or no control and does not mean new
3 programs or program expansions that go beyond existing
4 program criteria and operations.

6 2. Appropriation limitation. The total county services
7 appropriation for each fiscal year of a county may not exceed the
8 county services appropriation of the previous fiscal year
9 multiplied by the limitation on the total General Fund
10 appropriation described in Title 5, section 1664.

12 3. Exceptional circumstances. The amount derived under
13 subsection 2 may be exceeded only by the amount of additional
14 costs or the lost revenue from the following exceptional
15 circumstances:

16 A. Unfunded or underfunded new state or federal mandates;

18 B. Losses in state or federal revenues or other revenue
19 sources;

20 C. Citizens' initiatives or referenda that require
21 increased county spending;

24 D. Court orders or decrees that require additional county
25 resources to comply with the orders or decrees; or

26 E. Sudden or significant increases in demand for existing
27 county services that are not the result of county budget
28 authority actions that increase eligibility or increase
29 benefits.

32 In addition, the county budget authority may designate
33 exceptional circumstances that are not explicitly described in
34 paragraphs A to E but meet the intent of this section.

36 Sec. E-2. 30-A MRSA §5721-A is enacted to read:

38 §5721-A. Municipal appropriation limitations

40 The following limitations apply to a municipality's
41 appropriations for fiscal years that begin on or after January 1,
42 2005.

44 1. Definitions. As used in this section, unless the
45 context otherwise indicates, the following terms have the
46 following meanings.

48 A. "Exceptional circumstances" means an unforeseen
49 condition or conditions over which the municipal legislative

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2 body has little or no control and does not mean new programs
3 or program expansions that go beyond existing program
4 criteria and operations.

6 B. "Municipal services appropriation" means the total
7 amount of money raised and appropriated to pay for services,
8 programs and public debt that is included in a
9 municipality's annual budget but does not include local
10 costs for public education from kindergarten to grade 12,
11 assessments made to support general municipal government and
12 any grant or subsidy that the municipality receives from the
13 Federal Government.

14 2. Appropriation limitation. The total municipal services
15 appropriation for each fiscal year of a municipality may not
16 exceed the municipal services appropriation of the previous
17 fiscal year multiplied by the limitation on the total General
18 Fund appropriation described in Title 5, section 1664.

20 3. Exceptional circumstances. The amount derived under
21 subsection 2 may be exceeded only by the amount of additional
22 costs or the lost revenue from the following exceptional
23 circumstances:

24 A. Unfunded or underfunded new state or federal mandates;

26 B. Losses in state or federal revenues or other revenue
27 sources, except losses in revenue under subsection 4;

29 C. Citizens' initiatives or referenda that require
30 increased municipal spending;

31 D. Court orders or decrees that require additional
32 municipal resources to comply with the orders or decrees; or

34 E. Sudden or significant increases in demand for existing
35 municipal services that are not the result of municipal
36 legislative body actions that increase eligibility or
37 increase benefits.

39 In addition, the municipal legislative body may designate
40 exceptional circumstances that are not explicitly described in
41 paragraphs A to E but meet the intent of this section.

42 4. Revenue-sharing deduction. If a municipality's spending
43 exceeds the amount derived under subsections 2 and 3 due to
44 circumstances that are not exceptional as established in
45 subsection 3, its share of distributions under section 5681,
46 subsections 4-A and 4-B must be reduced in the following manner:

MS

2 A. The Department of Audit shall declare the amount by
4 which the municipality has exceeded the amount derived under
6 subsection 2 and shall determine what the property tax
burden of the municipality would be without the exceeding of
the amount derived under subsections 2 and 3;

8 B. The Department of Audit shall report the property tax
10 burden determination under paragraph A to the Treasurer of
State; and

12 C. The Treasurer of State shall use the property tax burden
14 amount reported under paragraph B to determine the amount to
16 be disbursed to the municipality under section 5681,
subsections 4-A and 4-B.

18 5. Procedures. The Department of Audit and the Treasurer
20 of State shall establish procedures and may adopt rules to
22 implement the requirements of this section. Rules adopted under
24 this subsection are routine technical rules as defined in Title
5, chapter 375, subchapter 2-A. The Department of Audit and the
Treasurer of State may present legislation to the First Regular
Session of the 122nd Legislature by February 1, 2005 if
considered necessary to implement this section.

26 **Sec. E-3. 30-A MRSA §5823, sub-§3, ¶A, as amended by PL 2003,**
28 **c. 178, §5, is further amended to read:**

- 30 A. The report must contain the following items:
 - 32 (1) A management letter, if applicable;
 - 34 (2) A letter of transmittal;
 - 36 (3) The independent auditor's report on the financial
statements; and
 - 38 (4) All financial statements and all other
information required by governmental accounting and
40 financial reporting standards; and
 - 42 (5) A statement of:
 - 44 (a) Whether the municipality has exceeded the
46 amount derived under section 5721-A, subsection 2
due to circumstances that are not exceptional as
described in section 5721-A, subsection 3, if
48 applicable; and

AMS

2 (b) If the amount derived under section 5721-A,
3 subsection 2 has been exceeded as described in
4 division (a), a calculation of the amount by which
5 the municipality has exceeded that amount.

6 **Sec. E-4. 30-A MRSA §5823, sub-§3, ¶B,** as amended by PL 1997,
7 c. 142, §2, is further amended to read:

8 B. Within 30 days after the postaudit is completed, the
9 auditor shall send to the State Auditor:

- 10 (1) A certified copy of the postaudit report,
11 excluding the management letter; and
- 12 (2) A certified copy of the audit procedural form
13 prescribed by the State Auditor for governmental
14 audits; and
- 15 (3) A copy of the municipality's or quasi-municipal
16 corporation's approved official budget for the year
17 audited.

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24 **PART F**

25 **Sec. F-1. 36 MRSA §683, sub-§1,** as repealed and replaced by PL
26 2003, c. 20, Pt. BB, §1 and affected by §3, is repealed.

27 **Sec. F-2. 36 MRSA §683, sub-§1-A,** as enacted by PL 2003, c.
28 20, Pt. BB, §2 and affected by §3, is repealed.

29 **Sec. F-3. 36 MRSA §683, sub-§§1-B and 1-C** are enacted to read:

30 1-B. Exemption amount: property tax year 2004. For
31 property tax year 2004, the estate up to the just value of
32 \$10,000 for persons who are 65 years of age or older and \$7,000
33 for all other persons of the homestead of a permanent resident of
34 this State who has owned a homestead in this State for the
35 preceding 12 months is exempt from taxation except for
36 assessments for special benefits. In determining the local
37 assessed value of the exemption, the assessor shall multiply the
38 amount of the exemption by the ratio of current just value upon
39 which the assessment is based as furnished in the assessor's
40 annual return pursuant to section 383. If the title to a
41 homestead is held by the applicant jointly or in common with
42 others, the exemption may not exceed \$10,000 of the just value of
43 the homestead for persons who are 65 years of age or older and
44 \$7,000 of the just value of the homestead for all other persons
45 of the just value of the homestead for all other persons
46 of the just value of the homestead for all other persons
47 of the just value of the homestead for all other persons
48 of the just value of the homestead for all other persons

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2 but may be apportioned among the owners who reside on the
3 property to the extent of their respective interests. A
4 municipality responsible for administering the homestead
5 exemption has no obligation to create a separate account for each
6 partial interest in a homestead owned jointly or in common. The
7 exemption provided under this subsection is limited to claimants
8 whose Maine adjusted gross income, as defined in section 5102,
9 subsection 1-C, is \$125,000 or less.

10 1-C. Exemption amount: property tax year 2005 and later.
11 For property tax years beginning in 2005 and later, the estate up
12 to the just value of \$15,000 for persons who are 65 years of age
13 or older and \$10,000 for all other persons of the homestead of a
14 permanent resident of this State who has owned a homestead in
15 this State for the preceding 12 months is exempt from taxation
16 except for assessments for special benefits. In determining the
17 local assessed value of the exemption, the assessor shall
18 multiply the amount of the exemption by the ratio of current just
19 value upon which the assessment is based as furnished in the
20 assessor's annual return pursuant to section 383. If the title
21 to a homestead is held by the applicant jointly or in common with
22 others, the exemption may not exceed \$10,000 of the just value of
23 the homestead for persons who are 65 years of age or older and
24 \$7,000 of the just value of the homestead for all other persons
25 but may be apportioned among the owners who reside on the
26 property to the extent of their respective interests. A
27 municipality responsible for administering the homestead
28 exemption has no obligation to create a separate account for each
29 partial interest in a homestead owned jointly or in common. The
30 exemption provided under this subsection is limited to claimants
31 whose Maine adjusted gross income, as defined in section 5102,
32 subsection 1-C, is \$125,000 or less.

34 **Sec. F-4. Application.** This Part applies to property tax
35 valuations based on the status of property on or after April 1,
36 2004.

38 **Sec. F-5. Appropriations and allocations.** The following
39 appropriations and allocations are made.

40 **ADMINISTRATIVE AND FINANCIAL**
41 **SERVICES, DEPARTMENT OF**

44 **Homestead Property Tax Exemption Reimbursement**

46 Initiative: Provides funding for the additional costs associated
47 with the changes to the homestead property tax exemption in this
48 Part.

1003

HOUSE AMENDMENT "C" to H.P. 1347, L.D. 1824

2	General Fund	2003-04	2004-05
	All Other	\$0	\$6,174,798
4	General Fund Total	<hr/>	<hr/>
		\$0	\$6,174,798

6 **Homestead Property Tax Exemption - Mandate Reimbursement**

8 Initiative: Provides funding for the estimated additional local
 10 costs to implement the changes in the homestead property tax
 exemption in this Part.

12	General Fund	2003-04	2004-05
	All Other	\$0	\$645,800
14	General Fund Total	<hr/>	<hr/>
		\$0	\$645,800

16	ADMINISTRATIVE AND FINANCIAL		
18	SERVICES, DEPARTMENT OF		
20	DEPARTMENT TOTALS	2003-04	2004-05
	GENERAL FUND	\$0	\$6,820,598
22	DEPARTMENT TOTAL - ALL FUNDS	<hr/>	<hr/>
		\$0	\$6,820,598

24 **Sec. F-6. Retroactivity.** This Part applies retroactively to
 26 April 1, 2004. Any actions by municipalities to comply with this
 Part that are taken before the effective date of this Part are
 28 valid.'

30 **SUMMARY**

32 This amendment provides comprehensive property tax relief
 34 through the following measures.

36 Part A expands the Maine Residents Property Tax Program by
 38 expanding the income eligibility, increasing the maximum benefit
 to \$1,500 beginning in 2005 and increasing the percentage of
 40 income constituting property taxes for nonelderly households from
 18% to 20%. Part A also adds an appropriations and allocations
 section.

42 Part B provides an appropriation to general purpose aid for
 44 local schools of \$25,000,000 in fiscal year 2004-05 and makes
 adjustments to school funding factors to account for the increase.

46 Part C increases the cigarette tax by 75¢ per pack of 20
 48 cigarettes.

HOUSE AMENDMENT


HOUSE AMENDMENT "C" to H.P. 1347, L.D. 1824

Part D increases the tax on smokeless tobacco from 62% to 75% of the wholesale price, the tax on cigars from 16% to 20% and the tax on other smoking tobacco from 16% to 100%.

Part E establishes limitations on county and municipal spending.

Part F increases the homestead property tax exemption to \$10,000 for homeowners 65 years of age and older and \$7,000 for all other homeowners in 2004 and \$15,000 for homeowners 65 years of age or older and \$10,000 for all other homeowners in 2005. The exemption is limited to claimants with Maine adjusted gross income of \$125,000 or less. Part F also adds an appropriations and allocations section.

FISCAL NOTE REQUIRED
(See attached)

SPONSORED BY: 
(Speaker COLWELL)

TOWN: Gardiner



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

LD 1824

An Act To Provide Property Tax Relief to Maine Homeowners

LR 2194(05)

Fiscal Note for House Amendment " "

Sponsor: Speaker Colwell

Fiscal Note Required: Yes

Fiscal Note

	2003-04	2004-05	Projections 2005-06	Projections 2006-07
Net Cost (Savings)				
General Fund	\$0	(\$8,873,729)	(\$3,534,276)	(\$597,450)
Appropriations/Allocations				
General Fund	\$0	\$31,964,165	\$30,770,185	\$31,727,669
Revenue				
General Fund	\$0	\$40,837,894	\$34,304,461	\$32,325,119
Other Special Revenue Funds	\$0	(\$596,747)	(\$1,222,716)	(\$1,316,471)

Fiscal Detail and Notes

	2003-04	2004-05	Projections 2005-06	Projections 2006-07
General Fund Appropriations				
Part A - Administrative costs - Revenue Services		\$143,567	\$160,852	\$155,277
Part B - General Purpose Aid for Local Schools		\$25,000,000	\$0	\$0
Part F - Homestead Exemption Costs		\$6,174,798	\$29,963,533	\$30,926,592
Part F - Homestead State Mandate Costs		\$645,800	\$645,800	\$645,800
Total General Fund Appropriations	\$0	\$31,964,165	\$30,770,185	\$31,727,669

	2003-04	2004-05	2005-06	2006-07
General Fund Revenue				
Part A - Maine Residents Property Tax Program		(\$11,750,532)	(\$22,880,436)	(\$24,596,469)
Part C - Cigarette Tax Increase - Cigarette Tax		\$50,869,000	\$55,400,000	\$55,100,000
Part C - Cigarette Tax Increase - Sales Tax		\$714,839	\$782,275	\$797,643
Part D - Tobacco Products Tax Inc. - Tobacco Products Tax		\$1,073,048	\$1,195,516	\$1,225,404
Part D - Tobacco Products Tax Inc. - Sales Tax		\$46,843	\$56,667	\$58,084
Part F - Homestead impact on individual income tax		(\$115,304)	(\$249,561)	(\$259,543)
Total General Fund Revenue	\$0	\$40,837,894	\$34,304,461	\$32,325,119

Revenue - Local Government Fund/Disproportionate Tax Burden Fund

Part A - Maine Residents Property Tax Program		(\$631,483)	(\$1,255,045)	(\$1,349,173)
Part C - Cigarette Tax Increase - Sales Tax		\$38,416	\$42,910	\$43,753
Part D - Tobacco Products Tax Inc. - Sales Tax		\$2,517	\$3,108	\$3,186
Part F - Homestead impact on individual income tax		(\$6,197)	(\$13,689)	(\$14,237)
Net Increase (Decrease)	\$0	(\$596,747)	(\$1,222,716)	(\$1,316,471)

Conflicts with LD 1919 - 2004-2005 Supplemental Budget Bill

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

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

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