

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 372

S.P. 119

In Senate, January 25, 2005

An Act To Enhance Property Tax Relief through the State-municipal Revenue-sharing Program

Reference to the Committee on State and Local Government suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator ROTUNDO of Androscoggin.
Cosponsored by Senator: PERRY of Penobscot, Representatives: DUDLEY of Portland,
DUNN of Bangor, FISHER of Brewer, LERMAN of Augusta, MARLEY of Portland.

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

2
3 **Sec. 1. 30-A MRSA §5681, sub-§2, ¶B**, as enacted by PL 1987, c.
4 737, Pt. A, §2 and Pt. C, §106 and amended by PL 1989, c. 6; c.
5 9, §2; and c. 104, Pt. C, §§8 and 10, is further amended to read:

6
7 B. "Property tax burden" means the total real and personal
8 property taxes assessed in the most recently completed
9 municipal fiscal year, except the taxes assessed on captured
10 value within a tax increment financing district, divided by
11 the latest state valuation certified to the Secretary of
12 State and reduced by .01.

13 **Sec. 2. 30-A MRSA §5681, sub-§2, ¶¶C, D and E**, as enacted by PL
14 1999, c. 731, Pt. U, §1, are repealed.

15 **Sec. 3. 30-A MRSA §5681, sub-§3**, as amended by IB 2003, c. 2,
16 §2, is further amended to read:

17
18 **3. Revenue-sharing funds.** To strengthen the
19 state-municipal fiscal relationship pursuant to the findings and
20 objectives of subsection 1, there is established the Local
21 Government Fund. ~~To provide additional support for~~
22 ~~municipalities experiencing a higher than average property tax~~
23 ~~burden, there is established the Disproportionate Tax Burden~~
24 ~~Fund.~~ To assist those municipalities that collaborate with other
25 municipalities, counties or state agencies to obtain savings in
26 the cost of delivering local and regional governmental services,
27 there is established the Fund for the Efficient Delivery of Local
28 and Regional Services.

29 **Sec. 4. 30-A MRSA §5681, sub-§4-B**, as enacted by PL 1999, c.
30 731, Pt. U, §4, is repealed.

31 **Sec. 5. 30-A MRSA §5681, sub-§5**, as amended by PL 2003, c.
32 673, Pt. V, §5 and affected by §29, is further amended to read:

33
34 **5. Transfers to funds.** On the last day of each month, the
35 Treasurer of State shall transfer to the Local Government Fund a
36 percentage, as provided in this subsection, of the receipts from
37 the taxes imposed under Title 36, Parts 3 and 8, and Title 36,
38 section 2552, subsection 1, paragraphs A to F, and credited to
39 the General Fund without any reduction, except that the postage,
40 state cost allocation program and programming costs of
41 administering state-municipal revenue sharing may be paid by the
42 Local Government Fund. ~~Any amounts transferred to the Local~~
43 ~~Government Fund in excess of the annual growth ceiling must be~~
44 ~~transferred to the Disproportionate Tax Burden Fund.~~ The

percentage transferred to the Local Government Fund on the last day of each month is:

A. For months beginning before July 1, 2005, 5.1%; and

B. For months beginning on or after July 1, 2005, 5.2%.

Sec. 6. 30-A MRSA §5681, sub-§5-B, as enacted by IB 2003, c. 2, §3, is amended to read:

5-B. Fund for the Efficient Delivery of Local and Regional Services. For the months beginning on or after July 1, 2004 and before the distributions required by ~~subsections~~ subsection 4-A and 4-B, 2% of all receipts transferred each month pursuant to subsection 5 must be deposited in the Fund for the Efficient Delivery of Local and Regional Services, as established in subsection 3, and distributed to those municipalities that can demonstrate significant and sustainable savings in the cost of delivering local and regional governmental services through collaborative approaches to service delivery, enhanced regional delivery systems, the consolidation of administrative services, the creation of broad-based purchasing alliances or the execution of interlocal agreements.

Sec. 7. 30-A MRSA §5681, sub-§7, as enacted by PL 1989, c. 871, §1 and affected by §22, is amended to read:

7. Indian territory. For purposes of state-municipal revenue sharing, the Passamaquoddy Tribe and the Penobscot Nation Indian Territories shall ~~shall~~ must be treated as if they were municipalities. In the absence of a levy of real and personal property taxes in either or both Indian territories, the property tax assessment is computed by multiplying the state valuation for the Indian territory for the period for which revenue sharing is being determined by the most current average equalized property tax rate of all municipalities in the State at that time as determined by the State Tax Assessor and reduced by .01.

SUMMARY

This bill changes the state-municipal revenue-sharing formula by discounting the first 10 mills of a municipality's property tax rate. The current state-municipal revenue-sharing program counts the municipality's tax effort for education even though this is already considered within the State's school finance formula. A 10-mill discount targets state-municipal revenue sharing largely toward the noneducational component of a municipality's tax effort.