

MAINE STATE LEGISLATURE

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DATE: 5.31.05

(Filing No. S-306)

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MAJORITY

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STATE OF MAINE
SENATE
122ND LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT 'A' to S.P. 602, L.D. 1625, Bill, "An Act To Fully Fund the Homestead Exemption"

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

PART A

Sec. A-1. 36 MRSA §683, sub-§§3 and 4, as amended by PL 2005, c. 2, Pt. F, §3 and affected by §5, are further amended to read:

3. Effect on state valuation. Fifty-percent-of-the The just value of homesteads exempt under this subchapter must be included in the annual determination of state valuation under sections 208 and 305.

4. Property tax rate. Fifty-percent-of-the The value of homestead exemptions under this subchapter must be included in the total municipal valuation used to determine the municipal tax rate. The municipal tax rate as finally determined may be applied to only the taxable portion of each homestead qualified for that tax year.

Sec. A-2. 36 MRSA §685, sub-§2, as amended by PL 2005, c. 2, Pt. F, §4 and affected by §5, is further amended to read:

COMMITTEE AMENDMENT

PLS

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2. Entitlement to reimbursement by State; calculation. A municipality that has approved homestead exemptions under this subchapter may recover from the State 50% 100% of the taxes lost by reason of the exemptions upon proof in a form satisfactory to the bureau. The bureau shall reimburse the Unorganized Territory Education and Services Fund for 50% 100% of taxes lost by reason of the exemption.

Sec. A-3. Transfer from Maine Budget Stabilization Fund. Notwithstanding the Maine Revised Statutes, Title 5, chapter 142, the State Controller shall transfer \$33,600,000 from the Maine Budget Stabilization Fund to the General Fund unappropriated surplus no later than June 30, 2006.

Sec. A-4. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF**

Homestead Property Tax Exemption - Mandate Reimbursement 0886

Initiative: To increase the reimbursement to municipalities from 50% to 100% of the increase in the homestead exemption to \$13,000.

GENERAL FUND	2005-06	2006-07
All Other	\$35,438,172	\$36,267,826
GENERAL FUND TOTAL	\$35,438,172	\$36,267,826

Homestead Property Tax Exemption - Mandate Reimbursement 0887

Initiative: Provides funds to reimburse municipalities for the additional costs of applying the change retroactively to property tax valuations made on April 1, 2005.

GENERAL FUND	2005-06	2006-07
All Other	\$400,000	\$0
GENERAL FUND TOTAL	\$400,000	\$0

**ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF
DEPARTMENT TOTALS**

	2005-06	2006-07
GENERAL FUND	\$35,838,172	\$36,267,826
DEPARTMENT TOTAL - ALL FUNDS	\$35,838,172	\$36,267,826

2 **Sec. A-5. Retroactive application.** This Part applies
3 retroactively to property tax valuations determined on or after
4 April 1, 2005.

6 **PART B**

8 **Sec. B-1. Spending reductions study and report.** The Commissioner
9 of Administrative and Financial Services shall coordinate a
10 review and study of all General Fund programs and expenditures of
11 state departments and agencies to achieve the amount of General
12 Fund savings identified in section 3. The commissioner shall
13 identify efficiencies, explore consolidations of smaller
14 agencies, consolidate interrelated programs across departments
15 and agencies and determine those programs that may be eliminated
16 with a minimal impact on highest priority statewide goals and
17 objectives. The commissioner shall provide the Joint Standing
18 Committee on Appropriations and Financial Affairs with an interim
19 report prior to January 6, 2006 and submit the final report along
20 with the necessary implementing legislation to the Second Regular
21 Session of the 122nd Legislature no later than February 3, 2006.
22

24 **Sec. B-2. Curtailment of allotments.** If the legislation to
25 achieve the savings identified in this Part is not enacted during
26 the Second Regular Session of the 122nd Legislature, the Governor
27 shall curtail allotments to achieve the amount of General Fund
28 savings identified in section 3. The curtailment of allotments
29 pursuant to this section must be implemented consistent with the
30 provisions of the Maine Revised Statutes, Title 5, section 1668.
31 The State Budget Officer shall calculate the amount of savings
32 achieved through the curtailment of allotments that applies to
33 each General Fund account. The Governor shall distribute the
34 General Fund savings to individual programs by financial order.
35 Distributions made pursuant to this Part are considered
36 adjustments to appropriations.

38 **Sec. B-3. Appropriations and allocations.** The following
39 appropriations and allocations are made.

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

42 **Departments and Agencies - Statewide**

44
45 Initiative: Deappropriates funds to be achieved by reductions of
46 General Fund appropriations either through curtailment of
47 allotments or efficiencies and savings identified through a
48 spending reductions study.

COMMITTEE AMENDMENT "A" to S.P. 602, L.D. 1625

GENERAL FUND	2005-06	2006-07
2 All Other	(\$2,238,172)	(\$36,267,826)
4 GENERAL FUND TOTAL	(\$2,238,172)	(\$36,267,826)

SUMMARY

8 This amendment funds the increase in state reimbursement for
10 the homestead exemption by a transfer of funds that are projected
12 to be available in the Maine Budget Stabilization Fund and
14 statewide deappropriations. The Commissioner of Administrative
16 and Financial Services is directed to present legislation to
18 implement the deappropriations. If none is presented, the
20 Governor is directed to make curtailments consistent with the
deappropriations.

FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT



122nd MAINE LEGISLATURE

LD 1625

LR 2265(02)

An Act To Fully Fund the Homestead Exemption

Fiscal Note for Bill as Amended by Committee Amendment 'A'

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	\$0	\$0	(\$563,048)	(\$1,135,565)
Appropriations/Allocations				
General Fund	\$33,600,000	\$0	(\$563,048)	(\$1,135,565)
Transfers				
General Fund	\$33,600,000	\$0	\$0	\$0

Funded State Mandate

State Mandate

New or Expanded Activity

Administrative activities associated with changing the property tax valuations determined on April 1, 2005 would represent a mandate.

Unit Affected

Municipality

Costs

\$400,000

Fiscal Detail and Notes

This bill includes General Fund appropriations of \$35,438,172 in fiscal year 2005-06 and \$36,267,826 in fiscal year 2006-07 to reimburse municipalities 100% of the cost of the homestead property tax exemption. It also includes a one-time General Fund appropriation of \$400,000 in fiscal year 2005-06 to reimburse municipalities 90% of the estimated administrative costs associated with applying the provisions retroactively to property tax valuations determined on April 1, 2005. This bill also provides statewide General Fund deappropriations of \$2,238,172 in fiscal year 2005-06 and \$36,267,826 in fiscal year 2006-07 and a one-time transfer of \$33,600,000 in fiscal year 2005-06 from the Maine Budget Stabilization Fund to the unappropriated surplus of the General Fund.