

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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Legislative Document

No. 1582

H.P. 1107

House of Representatives, March 20, 2007

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### **An Act Reduce Maine's Tax Burden over a 10-year Period**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative WOODBURY of Yarmouth.  
Cosponsored by Senator NASS of York and  
Representative: PIOTTI of Unity, Senator: PERRY of Penobscot.

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

2 **Sec. 1. 5 MRSA §1531, sub-§1**, as enacted by PL 2005, c. 2, Pt. A, §5 and  
3 affected by §14, is repealed.

4 **Sec. 2. 5 MRSA §1531, sub-§10** is enacted to read:

5 **10. Tax burden reduction factor.** "Tax burden reduction factor" means:

6 A. For fiscal years 2008-09 and 2009-10, 50%;

7 B. For fiscal years 2010-11 and 2011-12, 60%;

8 C. For fiscal years 2012-13 and 2013-14, 70%;

9 D. For fiscal years 2014-15 and 2015-16, 80%;

10 E. For fiscal years 2016-17 and 2017-18, 90%; and

11 F. For fiscal year 2018-19 and later, 100%.

12 **Sec. 3. 5 MRSA §1531, sub-§11** is enacted to read:

13 **11. Total income growth factor.** "Total income growth factor" means average real  
14 personal income growth plus forecasted inflation.

15 **Sec. 4. 5 MRSA §1534, sub-§1, ¶A**, as enacted by PL 2005, c. 2, Pt. A, §5 and  
16 affected by §14, is amended to read:

17 A. For the first fiscal year of the biennium, the General Fund appropriation  
18 limitation is equal to the biennial base year appropriation multiplied by one plus the  
19 spending growth limitation factor in subsection 2.

20 **Sec. 5. 5 MRSA §1534, sub-§1, ¶B**, as amended by PL 2005, c. 621, §3, is  
21 further amended to read:

22 B. For the 2nd year of the biennium, the General Fund appropriation limitation is  
23 the General Fund appropriation limitation of the first year of the biennium biennial  
24 base year appropriation multiplied by one plus the spending growth limitation factor  
25 in subsection 2.

26 **Sec. 6. 5 MRSA §1534, sub-§2**, as enacted by PL 2005, c. 2, Pt. A, §5 and  
27 affected by §14, is repealed and the following enacted in its place:

28 **2. Spending growth limitation factor.** The spending growth limitation factor is the  
29 total income growth factor multiplied by the tax burden reduction factor. The spending  
30 growth limitation factor may not be less than zero.

31 **Sec. 7. 20-A MRSA §15671-A, sub-§3**, as amended by PL 2005, c. 2, Pt. D, §35  
32 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is repealed.

33 **Sec. 8. 20-A MRSA §15671-A, sub-§5**, as amended by PL 2005, c. 519, Pt.  
34 AAAA, §2, is repealed.

1           **Sec. 9. 20-A MRSA §15671-A, sub-§6** is enacted to read:

2           **6. Exceeding EPS local growth factor.** If the sum of a school administrative unit's  
3 required local contribution determined pursuant to section 15688, subsection 3-A plus the  
4 state contribution as calculated pursuant to section 15688, subsection 3-A, paragraph D  
5 plus any state funds resulting from a transition adjustment pursuant to section 15686 plus  
6 any additional local amount proposed to be raised pursuant to section 15690, subsection 3  
7 exceeds the amount permitted to be spent by the school administrative unit for the  
8 preceding year by more than the education spending growth limit factor, the following  
9 provisions govern approval of that additional amount.

10           A. The article approving the additional amount must conform to the requirements of  
11 section 15690, subsection 3, paragraph B.

12           B. For all school administrative units that finally approve the school budget at a town  
13 meeting or district meeting, and notwithstanding section 1304, subsection 6; section  
14 1701, subsection 7; Title 30-A, section 2528, subsection 5; or any other provision of  
15 law, municipal charter provision or ordinance, the article must be approved by at  
16 least 2/3 of the school administrative unit's legislative body or, if the legislative body  
17 votes to approve the article by a simple majority but not by at least a 2/3 majority,  
18 the article must be finally approved by a majority of voters at referendum.

19           C. For all school administrative units with a legislative body that adopts the school  
20 budget by a referendum process, the article must be approved by a majority of voters  
21 at referendum.

22           D. For all school administrative districts and community school districts that have  
23 adopted the budget validation process established in sections 1305-A or 1701-A, the  
24 article must be approved by a majority of the voters at the open district meeting and a  
25 majority of voters at the budget validation referendum.

26           E. In a municipality where the responsibility for final adoption of the school budget  
27 is vested by the municipal charter in a council, this paragraph applies, except that the  
28 petition and referendum provisions apply only if the municipal charter does not  
29 otherwise provide for or prohibit a petition and referendum process with respect to  
30 the matters described in this paragraph.

31           (1) A majority of the entire membership of the school board or committee must  
32 approve the additional amount in a regular budget meeting.

33           (2) An article approving the additional amount must conform to the requirements  
34 of section 15690, subsection 3, paragraph B and be approved by at least 2/3 of  
35 the entire membership of the council in a vote taken in accordance with section  
36 15690, subsection 5 or, if the council votes to approve the article by a simple  
37 majority of the council but not by at least a 2/3 majority of the entire  
38 membership, by a majority of voters at referendum.

39           (3) If an article is approved by at least 2/3 of the entire membership of the  
40 council pursuant to subparagraph (2), the voters may petition for a referendum  
41 vote on the same article in accordance with subparagraph (4). If a petition is filed  
42 in accordance with subparagraph (4), the vote of the council is suspended  
43 pending the outcome of the referendum vote. Upon approval of the article by a

1 majority of the voters voting in that referendum, the article takes effect. If the  
2 article is not approved by a majority of the voters voting in that referendum, the  
3 article does not take effect. Subsequent to the vote, the school committee or  
4 board may again propose an additional amount, subject to the requirements of  
5 this section.

6 (4) If a written petition, signed by at least 10% of the number of voters voting in  
7 the last gubernatorial election in the municipality, requesting a vote on the  
8 additional amount is submitted to the municipal officers within 30 days of the  
9 council's vote pursuant to subparagraph (2), the article voted on by the council  
10 must be submitted to the legal voters in the next regular election or a special  
11 election called for the purpose. The election must be held within 45 days of the  
12 submission of the petition. The election must be called, advertised and conducted  
13 according to the law relating to municipal elections, except that the registrar of  
14 voters is not required to prepare or the clerk to post a new list of voters and  
15 absentee ballots must be prepared and made available at least 14 days prior to the  
16 date of the referendum. For the purpose of registration of voters, the registrar of  
17 voters must be in session the secular day preceding the election. The voters shall  
18 indicate by a cross or check mark placed against the word "Yes" or "No" their  
19 opinion on the article. The results must be declared by the municipal officers and  
20 entered upon the municipal records.

21 **Sec. 10. 20-A MRSA §15672, sub-§3-A** is enacted to read:

22 **3-A. Education spending growth limit factor.** "Education spending growth limit  
23 factor" means the EPS local growth factor multiplied by the tax burden reduction factor  
24 as defined in Title 5, section 1531, subsection 10. The education spending growth limit  
25 factor may not be less than zero.

26 **Sec. 11. 20-A MRSA §15672, sub-§7-B** is enacted to read:

27 **7-B. EPS local growth factor.** "EPS local growth factor" means the percentage  
28 increase in the state-determined cost of essential programs and services for a school  
29 administrative unit over the preceding year.

30 **Sec. 12. 30-A MRSA §706-A, sub-§1, ¶C-1** is enacted to read:

31 C-1. "Local distribution factor" means the figure determined by dividing the property  
32 growth factor by the average of the property growth factors for all counties.

33 **Sec. 13. 30-A MRSA §706-A, sub-§1, ¶F** is enacted to read:

34 **F. "Tax burden reduction factor" means:**

35 (1) For fiscal years 2008-09 and 2009-10, 50%;

36 (2) For fiscal years 2010-11 and 2011-12, 60%;

37 (3) For fiscal years 2012-13 and 2013-14, 70%;

38 (4) For fiscal years 2014-15 and 2015-16, 80%;

39 (5) For fiscal years 2016-17 and 2017-18, 90%; and

1           (6) For fiscal year 2018-19 and later, 100%.

2           **Sec. 14. 30-A MRSA §706-A, sub-§1, ¶G** is enacted to read:

3           G. "Total income growth factor" means average real personal income growth plus  
4           forecasted inflation.

5           **Sec. 15. 30-A MRSA §706-A, sub-§3**, as enacted by PL 2005, c. 2, Pt. B, §1 and  
6           affected by §§2 and 4 and c. 12, Pt. WW, §14, is repealed and the following enacted in its  
7           place:

8           **3. Growth limitation factor.** The growth limitation factor is the total income  
9           growth factor multiplied by the local distribution factor and the tax burden reduction  
10           factor. The growth limitation factor may not be less than zero.

11           **Sec. 16. 30-A MRSA §706-A, sub-§5, ¶B**, as enacted by PL 2005, c. 2, Pt. B, §1  
12           and affected by §§2 and 4 and c. 12, Pt. WW, §14, is amended to read:

13           B. The county assessment limit may be exceeded only as provided in subsection 7  
14           7-A.

15           **Sec. 17. 30-A MRSA §706-A, sub-§5, ¶D**, as enacted by PL 2005, c. 348, §1, is  
16           amended to read:

17           D. For fiscal years 2005-06 and 2006-07 in Sagadahoc County, and fiscal years  
18           2006 and 2007 in Lincoln County, that portion of the county assessment that is  
19           attributable to the costs of construction, debt service, operation and maintenance of a  
20           new jail facility authorized under chapter 17 is not subject to paragraphs A, B and C  
21           or to subsections 2, 6 and 7 7-A. Notwithstanding subsection 2, paragraph A, the  
22           county assessment limit for fiscal year 2007-08 for Sagadahoc County and fiscal year  
23           2008 in Lincoln County is the county assessment for each county for the previous  
24           fiscal year, multiplied by one plus the growth limitation factor pursuant to subsection  
25           3. Notwithstanding subsection 2, paragraph C, the county assessments for Sagadahoc  
26           County in fiscal year 2008-09 and subsequent fiscal years and for Lincoln County in  
27           fiscal year 2009 and subsequent fiscal years are subject to subsection 2, paragraph B.

28           **Sec. 18. 30-A MRSA §706-A, sub-§6**, as enacted by PL 2005, c. 2, Pt. B, §1 and  
29           affected by §§2 and 4 and c. 12, Pt. WW, §14, is amended to read:

30           **6. Increase in county assessment limit.** The county assessment limit established in  
31           subsection 2 may be increased for other purposes only as provided in subsection 7 7-A.

32           **Sec. 19. 30-A MRSA §706-A, sub-§7**, as affected by PL 2005, c. 2, Pt. B, §4 and  
33           amended by c. 12, Pt. WW, §10 and affected by §§13 and 14, is repealed.

34           **Sec. 20. 30-A MRSA §706-A, sub-§7-A** is enacted to read:

35           **7-A. Process for exceeding county assessment limit.** A county may exceed or  
36           increase the county assessment limit only if approved by a vote of a majority of all the  
37           members of both the county budget committee or county budget advisory committee and  
38           the county commissioners and the approval is ratified at referendum. For the purposes of

1 conducting the referendum election, the article voted on by the commissioners and budget  
2 advisory committee must be submitted to the legal voters in the next regular election or a  
3 special election called for that purpose. The election must be called, advertised and  
4 conducted according to the law relating to municipal elections, except that the registrar of  
5 voters is not required to prepare or the clerk to post a new list of voters, the filing  
6 requirement contained in section 2528 does not apply and absentee ballots must be  
7 prepared and made available at least 14 days prior to the date of the referendum. For the  
8 purpose of registration of voters, the registrar of voters must be in session the business  
9 day preceding the election. The voters shall indicate by a cross or check mark placed  
10 against the word "Yes" or "No" their opinion on the article. The results must be declared  
11 by the county commissioners and entered upon the county records.

12 **Sec. 21. 30-A MRSA §5721-A, sub-§1, ¶B-1** is enacted to read:

13 B-1. "Local distribution factor" means the figure determined by dividing the property  
14 growth factor by the average of the property growth factors for all municipalities.

15 **Sec. 22. 30-A MRSA §5721-A, sub-§1, ¶F** is enacted to read:

16 F. "Tax burden reduction factor" means:

- 17 (1) For fiscal years 2008-09 and 2009-10, 50%;  
18 (2) For fiscal years 2010-11 and 2011-12, 60%;  
19 (3) For fiscal years 2012-13 and 2013-14, 70%;  
20 (4) For fiscal years 2014-15 and 2015-16, 80%;  
21 (5) For fiscal years 2016-17 and 2017-18, 90%; and  
22 (6) For fiscal year 2018-19 and later, 100%.

23 **Sec. 23. 30-A MRSA §5721-A, sub-§1, ¶G** is enacted to read:

24 G. "Total income growth factor" means average real personal income growth plus  
25 forecasted inflation.

26 **Sec. 24. 30-A MRSA §5721-A, sub-§5, ¶B**, as enacted by PL 2005, c. 2, Pt. C,  
27 §1 and affected by §§3 and 5 and c. 12, Pt. WW, §16, is amended to read:

28 B. The property tax levy limit may be exceeded only as provided in subsection 7 7-  
29 A.

30 **Sec. 25. 30-A MRSA §5721-A, sub-§6**, as enacted by PL 2005, c. 2, Pt. C, §1  
31 and affected by §§3 and 5 and c. 12, Pt. WW, §16, is amended to read:

32 **6. Increase in property tax levy limit.** The property tax levy limit established in  
33 subsection 2 may be increased for other purposes only as provided in subsection 7 7-A.

34 **Sec. 26. 30-A MRSA §5721-A, sub-§7**, as affected by PL 2005, c. 2, Pt. C, §5  
35 and amended by c. 12, Pt. WW, §12 and affected by §§15 and 16, is repealed.

36 **Sec. 27. 30-A MRSA §5721-A, sub-§7-A** is enacted to read:

1 **7-A. Process for exceeding property tax levy limit.** A municipality may exceed or  
2 increase the property tax levy limit only by the following means.

3 A. If the municipal budget is adopted by town meeting, the property tax levy limit  
4 may be exceeded only if approved by at least 2/3 of the assembled membership of the  
5 town meeting or, if the legislative body votes to approve the article by a simple  
6 majority but not by at least a 2/3 majority, the property tax levy limit may be  
7 exceeded only if finally approved by a majority of voters at referendum.

8 B. If the municipal budget is adopted by referendum, the property tax levy limit may  
9 be exceeded only if a separate article that specifically identifies the intent to exceed  
10 the property tax levy limit is approved by a simple majority of the referendum voters.

11 C. In a municipality where the responsibility for final adoption of the budget is  
12 vested by the municipal charter in a council, this paragraph applies, except that the  
13 petition and referendum provisions apply only if the municipal charter does not  
14 otherwise provide for or prohibit a petition and referendum process with respect to  
15 the matters described in this paragraph.

16 (1) An article approving the property tax levy limit must be approved by at least  
17 2/3 of the entire membership of the council or, if the council votes to approve the  
18 article by a simple majority of the council but not by at least a 2/3 majority of the  
19 entire membership, by a majority of voters at referendum.

20 (2) If an article is approved by at least 2/3 of the entire membership of the  
21 council pursuant to subparagraph (1), the voters may petition for a referendum  
22 vote on the same article in accordance with subparagraph (3). If a petition is filed  
23 in accordance with subparagraph (3), the vote of the council is suspended  
24 pending the outcome of the referendum vote. Upon approval of the article by a  
25 majority of the voters voting in that referendum, the article takes effect. If the  
26 article is not approved by a majority of the voters voting in that referendum, the  
27 article does not take effect. Subsequent to the vote, the school committee or  
28 board may again propose an additional amount, subject to the requirements of  
29 this section.

30 (3) If a written petition, signed by at least 10% of the number of voters voting in  
31 the last gubernatorial election in the municipality, requesting a vote on the  
32 additional amount is submitted to the municipal officers within 30 days of the  
33 council's vote pursuant to subparagraph (1), the article voted on by the council  
34 must be submitted to the legal voters in the next regular election or a special  
35 election called for the purpose. The election must be held within 45 days of the  
36 submission of the petition. The election must be called, advertised and conducted  
37 according to the law relating to municipal elections, except that the registrar of  
38 voters is not required to prepare or the clerk to post a new list of voters and  
39 absentee ballots must be prepared and made available at least 14 days prior to the  
40 date of the referendum. For the purpose of registration of voters, the registrar of  
41 voters must be in session the secular day preceding the election. The voters shall  
42 indicate by a cross or check mark placed against the word "Yes" or "No" their  
43 opinion on the article. The results must be declared by the municipal officers and  
44 entered upon the municipal records.



