

MAINE STATE LEGISLATURE

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TAXATION

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**STATE OF MAINE
SENATE
123RD LEGISLATURE
FIRST REGULAR SESSION
Majority**

COMMITTEE AMENDMENT “A” to S.P. 648, L.D. 1819, “RESOLUTION, Proposing an Amendment to the Constitution of Maine To Restrict Tax Increases ”

Amend the resolution in Part A in Section 24 by striking out all of subsection 1 (page 1, lines 7 to 10 in L.D.) and inserting the following:

‘1. Income tax, motor vehicle excise tax and sales tax. Except as provided in subsection 2, the statutory rates of any income tax, motor vehicle excise tax or sales tax may not be increased or decreased except by enactment of legislation approved by 2/3 of all members of each House of the Legislature; and’

Amend the resolution in Part A by striking out all of the question (page 1, lines 22 to 25 in L.D.) and inserting the following:

“Do you favor amending the Constitution of Maine to require a 2/3 vote of all the members of each House of the Legislature to alter the statutory tax rates for income tax, motor vehicle excise tax or sales tax except when adequate funds have not been appropriated for debt payment?”

Amend the resolution in Part B by striking out all of subsection 6 (page 2, lines 6 to 10 in L.D.) and inserting the following:

‘6. Local limitation on homestead exemption. Subject to procedural conditions enacted by the Legislature, a municipality may, by majority vote at a referendum held expressly for the purpose, limit the amount of the general homestead exemption to the amount for which the reimbursement from the State represents 100% of the property tax loss attributable to the homestead exemption. A municipality may reverse the decision to limit the homestead exemption by a subsequent referendum.’

Amend the resolution in Part B by striking out all of the question (page 2, lines 18 to 20 in L.D.) and inserting the following:

COMMITTEE AMENDMENT

COMMITTEE AMENDMENT "A" to S.P. 648, L.D. 1819

1 "Do you favor amending the Constitution of Maine to allow municipalities to limit
2 the amount of the general homestead exemption to the amount fully reimbursable by
3 the State?"

4 Amend the resolution in Part C by striking out all of Section 3 (page 2, lines 35 to 39
5 and page 3, lines 1 to 4 in L.D.) and inserting the following:

6 'Section 3. Local vote to implement sales tax. A municipality may adopt a local
7 sales tax subject to guidelines and procedures enacted by the Legislature. Revenue from
8 a local sales tax must be used to reduce the property tax.'

9 Amend the resolution in Part C by striking out all of the question (page 3, lines 12 to
10 15 in L.D.) and inserting the following:

11 "Do you favor amending the Constitution of Maine to permit municipalities to
12 provide property tax relief through adoption of a local sales tax subject to guidelines
13 and procedures enacted by the Legislature?"

14 **SUMMARY**

15 This amendment is the majority report of the Joint Standing Committee on Taxation.

16 Like the constitutional resolution, this amendment proposes 3 changes to the
17 Constitution of Maine and provides that each change must be presented as a separate and
18 independent question to the voters. Under the amendment, which clarifies the language
19 of the resolution:

20 1. Part A requires approval of 2/3 of each House of the Legislature to alter the
21 statutory tax rates for income tax, motor vehicle excise tax or sales tax except when
22 adequate funds have not been appropriated for debt payment;

23 2. Part B authorizes municipalities to opt out of the unreimbursed portion of the
24 general homestead exemption by holding a municipal referendum subject to procedural
25 conditions enacted by the Legislature and allows them to reverse that decision by a
26 subsequent referendum; and

27 3. Part C authorizes municipalities to adopt a local sales tax subject to guidelines and
28 procedures enacted by the Legislature. Revenues must be used to reduce property taxes.

FISCAL NOTE REQUIRED
(See Attached)



123rd MAINE LEGISLATURE

LD 1819

LR 625(02)

RESOLUTION, Proposing an Amendment to the Constitution of Maine To Restrict Tax Increases

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

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Current biennium cost increase - General Fund

Referendum Costs

Month/Year	Election Type	Question	Length
Nov-07	General	Referendum	Standard

The Secretary of State's budget includes sufficient funds to accommodate one ballot of average length for the general election in November. If the number or size of the referendum questions increases the ballot length, an additional appropriation of \$8,000 or more may be required.