

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 1819

S.P. 648

April 3, 2007

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

Reference to the Committee on Taxation 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 STRIMLING of Cumberland.

Cosponsored by Representative HOTHAM of Dixfield and Senators: NASS of York, PERRY of Penobscot, Representatives: CHASE of Wells, KNIGHT of Livermore Falls, LANSLEY of Sabattus, PILON of Saco, PIOTTI of Unity.

1 **Constitutional amendment. Resolved:** Two thirds of each branch of the
2 Legislature concurring, that the following amendment to the Constitution of Maine be
3 proposed:

4 **PART A**

5 **Constitution, Art. IV, Pt. Third, §24** is enacted to read:

6 **Section 24. Alteration of certain tax rates.** After the effective date of this section:

7 **1. Income tax, motor vehicle excise tax and sales tax.** Except as provided in
8 subsection 2, the effective rate of any income tax, motor vehicle excise tax mill rate or the
9 general sales tax rate may not be increased or decreased except by enactment of
10 legislation approved by 2/3 of all members of each House of the Legislature; and

11 **2. Exception; debt payment.** To the extent necessary to make up for General Fund
12 revenues set apart by the Treasurer of State to pay interest and principal on bonded debt
13 as provided under Article V, Part Third, Section 5, the Legislature may increase the rate
14 of a tax without application of subsection 1.

15 ; and be it further

16 **Constitutional referendum procedure; form of question; effective date.**
17 **Resolved:** That the municipal officers of this State shall notify the inhabitants of their
18 respective cities, towns and plantations to meet, in the manner prescribed by law for
19 holding a statewide election, at a statewide election held in the month of November
20 following the passage of this resolution, to vote upon the ratification of this Part of the
21 amendment proposed in this Part by voting upon the following question:

22 “Do you favor amending the Constitution of Maine to require a 2/3 vote of all the
23 members of each House of the Legislature to alter the tax rate for income taxes,
24 motor vehicle excise tax mill rates or general sales tax rates except when inadequate
25 funds have been appropriated for debt payment?”

26 The legal voters of each city, town and plantation shall vote by ballot on this question
27 and designate their choice by a cross or check mark placed within the corresponding
28 square below the word “Yes” or “No.” The ballots must be received, sorted, counted and
29 declared in open ward, town and plantation meetings and returns made to the Secretary of
30 State in the same manner as votes for members of the Legislature. The Governor shall
31 review the returns. If it appears that a majority of the legal votes are cast in favor of this
32 Part of the amendment, the Governor shall proclaim that fact without delay and this Part
33 of the amendment becomes part of the Constitution of Maine on the date of the
34 proclamation; and be it further

35 **Secretary of State shall prepare ballots. Resolved:** That the Secretary of State
36 shall prepare and furnish to each city, town and plantation all ballots, returns and copies
37 of this resolution necessary to carry out the purposes of this referendum.

38 **PART B**

1 **Constitution, Art. IX, §8, first ¶** is amended to read:

2 **Section 8. Taxation.** All taxes upon real and personal estate, assessed by authority
3 of this State, shall be apportioned and assessed equally according to the just value thereof,
4 except as provided in this section.

5 **Constitution, Art. IX, §8, sub-§6** is enacted to read:

6 **6. Local limitation on homestead exemption.** A municipality may, by majority
7 vote at a referendum held expressly for the purpose, limit the amount of the homestead
8 exemption to the amount for which the reimbursement from the State represents 100% of
9 the property tax loss attributable to the homestead exemption. A municipality may
10 reverse the decision to limit the homestead exemption by a subsequent referendum.

11 ; and be it further

12 **Constitutional referendum procedure; form of question; effective date.**
13 **Resolved:** That the municipal officers of this State shall notify the inhabitants of their
14 respective cities, towns and plantations to meet, in the manner prescribed by law for
15 holding a statewide election, at a statewide election held in the month of November
16 following the passage of this resolution, to vote upon the ratification of this Part of the
17 amendment proposed in this Part by voting upon the following question:

18 “Do you favor amending the Constitution of Maine to allow municipalities to limit
19 the amount of the homestead exemption to the amount for which the reimbursement
20 from the State represents 100% of the property tax loss?”

21 The legal voters of each city, town and plantation shall vote by ballot on this question
22 and designate their choice by a cross or check mark placed within the corresponding
23 square below the word “Yes” or “No.” The ballots must be received, sorted, counted and
24 declared in open ward, town and plantation meetings and returns made to the Secretary of
25 State in the same manner as votes for members of the Legislature. The Governor shall
26 review the returns. If it appears that a majority of the legal votes are cast in favor of this
27 Part of the amendment, the Governor shall proclaim that fact without delay and this Part
28 of the amendment becomes part of the Constitution of Maine on the date of the
29 proclamation; and be it further

30 **Secretary of State shall prepare ballots. Resolved:** That the Secretary of State
31 shall prepare and furnish to each city, town and plantation all ballots, returns and copies
32 of this resolution necessary to carry out the purposes of this referendum.

33 **PART C**

34 **Constitution, Art. VIII, Pt. Second, §3** is enacted to read:

35 **Section 3. Local vote to increase mill rate or implement sales tax.** A municipality
36 may increase the local property tax mill rate based on 100% valuation or implement a
37 sales tax at the municipal level only if 2/3 of the municipal legislative body votes to
38 increase the mill rate or to implement the local sales tax. For purposes of this section,
39 “municipal legislative body” means the town meeting in a town, the city council in a city

1 or that part of a municipal government that exercises legislative powers under a law or
2 charter. If a sales tax at the municipal level is authorized by a 2/3 vote as required in this
3 section, the revenue generated by the sales tax must be used to provide property tax or
4 excise tax relief in the municipality.

5 ; and be it further

6 **Constitutional referendum procedure; form of question; effective date.**

7 **Resolved:** That the municipal officers of this State shall notify the inhabitants of their
8 respective cities, towns and plantations to meet, in the manner prescribed by law for
9 holding a statewide election, at a statewide election held in the month of November
10 following the passage of this resolution, to vote upon the ratification of this Part of the
11 amendment proposed in this Part by voting upon the following question:

12 "Do you favor amending the Constitution of Maine to require a 2/3 vote of a
13 municipal legislative body to increase the local property tax mill rate or implement a
14 sales tax at the municipal level, the revenues from which must provide property or
15 excise tax relief?"

16 The legal voters of each city, town and plantation shall vote by ballot on this question
17 and designate their choice by a cross or check mark placed within the corresponding
18 square below the word "Yes" or "No." The ballots must be received, sorted, counted and
19 declared in open ward, town and plantation meetings and returns made to the Secretary of
20 State in the same manner as votes for members of the Legislature. The Governor shall
21 review the returns. If it appears that a majority of the legal votes are cast in favor of this
22 Part of the amendment, the Governor shall proclaim that fact without delay and this Part
23 of the amendment becomes part of the Constitution of Maine on the date of the
24 proclamation; and be it further

25 **Secretary of State shall prepare ballots. Resolved:** That the Secretary of State
26 shall prepare and furnish to each city, town and plantation all ballots, returns and copies
27 of this resolution necessary to carry out the purposes of this referendum.

28 **SUMMARY**

29 This constitutional resolution proposes 3 changes to the Constitution of Maine and
30 provides that each change must be presented as a separate and independent question to
31 the voters.

32 Part A requires approval of 2/3 of each House of the Legislature to alter the tax rate
33 for income taxes, motor vehicle excise tax mill rates or general sales tax rates except
34 when inadequate funds have been appropriated for debt payment.

35 Part B authorizes municipalities to opt out of the unreimbursed portion of the
36 homestead exemption by holding a municipal referendum and would allow them to
37 reverse that decision by a subsequent referendum.

1 Part C requires a 2/3 vote of a municipal legislative body to increase the local
2 property tax mill rate or implement a sales tax at the municipal level and further requires
3 that if a local sales tax is authorized, it must provide property or excise tax relief.