

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
124TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 539, L.D. 788, Bill, "An Act To Aid Municipalities and the Unorganized Territory in the Reduction of Property Taxes"

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

Sec. 1. 30-A MRSa §5686 is enacted to read:

§5686. Local sales tax increment disbursement

1. Local sales tax increment. Beginning in fiscal year 2012-13, the State Tax Assessor shall gather and maintain information that demonstrates the amount of revenue and the amount of local sales tax increment for each fiscal year that is attributable to each municipality and the unorganized territory under Title 36, Part 3. For the purposes of this section, "local sales tax increment" means 10% of the increase in revenue attributable to a municipality or the unorganized territory under Title 36, Part 3 over the amount attributable to the municipality or the unorganized territory in fiscal year 2012-13.

2. Transfers. Beginning in fiscal year 2013-14, the State Tax Assessor shall certify to the State Controller by September 30th annually the local sales tax increment amounts needed to make payments under this section. The State Controller shall, within 15 days after the certification, transfer those amounts to a local sales tax increment account, which must be established for this purpose.

3. Payments to municipalities and the unorganized territory. The Treasurer of State shall pay by October 1st annually to each municipality and to each county with unorganized territory from the local sales tax increment account established pursuant to subsection 2 an amount equal to the local sales tax increment. If the local sales tax increment for a municipality or a county with unorganized territory is \$0 or less, a payment may not be made for that fiscal year. The Treasurer of State shall pay the amount due under this section and provide an accounting of the amount to the municipality, the county or the fiscal administrator of the unorganized territory no later than 6 months after the end of that fiscal year. The amount received under this section by a municipality or for the benefit of the unorganized territory may not reduce or be

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1 reduced by any other revenue sharing or state aid received by the municipality or the
 2 county with unorganized territory. An amount received by a municipality under this
 3 section must be used by the municipality to reduce property tax levies in that municipality
 4 in an amount equal to the amount received in the fiscal year that the revenue is received.
 5 An amount received by a county with unorganized territory must be deposited in the
 6 unorganized territory fund for that county established under section 7502. The payment
 7 of the local sales tax increment must be used to reduce the budget request of the county
 8 for services in the unorganized territory for the subsequent fiscal year under section
 9 7503.'

10 **SUMMARY**

11 This amendment delays by 2 years the beginning of the local sales tax increment
 12 distribution system and changes the method of distributing and applying the local sales
 13 tax increment for the unorganized territory from the state level to the county level.

FISCAL NOTE REQUIRED
 (See attached)



124th MAINE LEGISLATURE

LD 788

LR 1267(02)

An Act To Aid Municipalities and the Unorganized Territory in the Reduction of Property Taxes

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

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Future biennium revenue decrease - General Fund

Fiscal Detail and Notes

This bill does not have any fiscal impact on the current forecast period. The required annual transfer for local sales tax increment distribution will reduce Sales and Use tax revenue beginning in fiscal year 2013-14. The fiscal year 2013-14 transfer is estimated to be \$4,900,000, resulting in a General Fund loss of \$4,655,000.