

MAINE STATE LEGISLATURE

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124th MAINE LEGISLATURE

FIRST REGULAR SESSION-2009

Legislative Document

No. 788

H.P. 539

House of Representatives, February 26, 2009

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

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative CHASE of Wells.
Cosponsored by Senator NASS of York and
Representatives: HILL of York, KNIGHT of Livermore Falls, LANGLEY of Ellsworth,
ROSEN of Bucksport, WATSON of Bath.

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

2 **Sec. 1. 30-A MRS §5686** is enacted to read:

3 **§5686. Local sales tax increment disbursement**

4 **1. Local sales tax increment.** Beginning in fiscal year 2010-11, the State Tax
5 Assessor shall gather and maintain information that demonstrates the amount of revenue
6 and the amount of local sales tax increment for each fiscal year that is attributable to each
7 municipality and the unorganized territory under Title 36, Part 3. For the purposes of this
8 section, "local sales tax increment" means 10% of the increase in revenue attributable to a
9 municipality or the unorganized territory under Title 36, Part 3 over the amount
10 attributable to the municipality or the unorganized territory in fiscal year 2010-11.

11 **2. Transfers.** Beginning in fiscal year 2011-12, the State Tax Assessor shall certify
12 to the State Controller by September 30th annually the local sales tax increment amounts
13 needed to make payments under this section. The State Controller shall, within 15 days
14 after the certification, transfer those amounts to a local sales tax increment account,
15 which must be established for this purpose.

16 **3. Payments to municipalities and the unorganized territory.** The Treasurer of
17 State shall pay by October 1st annually to each municipality and the Unorganized
18 Territory Education and Services Fund under Title 36, section 1605, from the local sales
19 tax increment account established pursuant to subsection 2 an amount equal to the local
20 sales tax increment. If the local sales tax increment for a municipality or the unorganized
21 territory is \$0 or less, a payment may not be made for that fiscal year. The State Treasurer
22 shall pay the amount due under this section and provide an accounting of the amount to
23 the municipality or the fiscal administrator of the unorganized territory no later than 6
24 months after the end of that fiscal year. The amount received under this section by a
25 municipality or the fund may not reduce or be reduced by any other revenue sharing or
26 state aid received by the municipality or the fund. An amount received by a municipality
27 or the fund under this section must be used by the municipality or, for the unorganized
28 territory, the Maine Land Use Regulation Commission, to reduce property tax levies in
29 that municipality or the unorganized territory in an amount equal to the amount received
30 in the fiscal year that the revenue is received.

31 **SUMMARY**

32 This bill provides that, beginning in fiscal year 2010-11, 10% of sales tax revenue
33 growth, which is the increase in sales tax revenue for that fiscal year over the amount of
34 revenue generated in fiscal year 2010-11, must be returned to the municipality or
35 unorganized territory where the growth occurred. The municipality or unorganized
36 territory must use the amount received to reduce property tax levies.