

MAINE STATE LEGISLATURE

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125th MAINE LEGISLATURE

FIRST REGULAR SESSION-2011

Legislative Document

No. 1578

H.P. 1161

House of Representatives, May 18, 2011

**Resolve, Relating to the State Valuation of the Town of East
Millinocket**

(AFTER DEADLINE)

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

HEATHER J.R. PRIEST
Clerk

Presented by Representative CLARK of Millinocket.
Cosponsored by Senator THOMAS of Somerset.

1 **Emergency preamble. Whereas,** acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas,** the valuation of property within a municipality has a strong effect upon
4 the calculation of intergovernmental funding, including state-municipal revenue sharing,
5 education funding and county taxes; and

6 **Whereas,** the Town of East Millinocket has in the past derived a large portion of its
7 tax valuation from the presence of a pulp and paper mill located in the town; and

8 **Whereas,** the owner of that pulp and paper mill, Katahdin Paper Company, LLC,
9 and its parent company, Brookfield Asset Management, have announced the closure of
10 the mill after failing to find buyers for it; and

11 **Whereas,** this closure will have a very negative effect on the economy in East
12 Millinocket and the surrounding area, including the loss of approximately 400 jobs; and

13 **Whereas,** this closure will result in the loss in local assessed valuation of
14 approximately \$66,000,000; and

15 **Whereas,** this local loss in valuation would not in the routine course of equalized
16 state valuation procedures be incorporated into the equalized state valuation of the Town
17 of East Millinocket for 2 years; and

18 **Whereas,** this 2-year lag between equalized state valuation and local valuation
19 causes a substantial financial hardship for the Town of East Millinocket because it results
20 in the town's receiving less state-municipal revenue sharing and less education subsidy,
21 and paying more county taxes; and

22 **Whereas,** in the judgment of the Legislature, these facts create an emergency within
23 the meaning of the Constitution of Maine and require the following legislation as
24 immediately necessary for the preservation of the public peace, health and safety; now,
25 therefore, be it

26 **Sec. 1. State valuation of the Town of East Millinocket. Resolved:** That,
27 due to the loss of valuation resulting from the closure of the pulp and paper mill owned
28 by Katahdin Paper Company, LLC, notwithstanding the Maine Revised Statutes, Title 36,
29 sections 208 and 208-A, the State Tax Assessor shall reduce the state valuation of the
30 Town of East Millinocket for the years 2010 and 2011 by \$66,000,000; and be it further

31 **Sec. 2. Calculations. Resolved:** That, notwithstanding any other provision of
32 law, for the fiscal year beginning July 1, 2011, for purposes of state-municipal revenue
33 sharing, school funding and apportionment of county taxes, calculations must be made
34 using the valuation of the Town of East Millinocket reduced pursuant to section 1.

35 **Emergency clause.** In view of the emergency cited in the preamble, this
36 legislation takes effect when approved.

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SUMMARY

The Town of East Millinocket is the site of the recently closed Katahdin Paper Company pulp and paper mill. The closure of the mill has resulted in the loss of 400 jobs. The closure of the mill will result in the town's reducing the valuation of the mill property by \$66,000,000. This will lead to considerable budget cutbacks and financial stress at the local level. This situation will be made worse because of the time lag of 2 years between local and state valuation. Unless legislation is passed, the Town of East Millinocket will have to pay county taxes based upon the lost valuation and will lose education subsidy and state-municipal revenue sharing based upon the lost valuation.