

MAINE STATE LEGISLATURE

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SM
R O F S

L.D. 1835

Date: 3-29-12

(Filing No. S-501)

MAJORITY

TAXATION

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STATE OF MAINE

SENATE

125TH LEGISLATURE

SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 635, L.D. 1835, Bill, "An Act To Restore Equity in Revenue Sharing"

Amend the bill in section 1 by striking out all of paragraph E (page 1, lines 4 to 8 in L.D.) and inserting the following:

'E. "Disproportionate tax burden" means the total real and personal property taxes assessed in the municipal fiscal year pertaining to the latest state valuation, except the taxes assessed on captured value within a tax increment financing district, divided by the latest state valuation certified to the Secretary of State and reduced by .01. Beginning on July 1, 2013 and each July 1st thereafter, if the total revenue-sharing distribution as calculated by subsection 5 is distributed to the municipalities without transfer or reduction, the reduction factor must be increased by either .0005 or the percentage increase necessary to equal the statewide average property tax rate, whichever increase is smaller, until the fiscal year when the percentage reduction factor reaches the statewide average property tax rate.'

SUMMARY

This amendment implements over several years a change in the distribution of revenue-sharing funds from the Disproportionate Tax Burden Fund, commonly referred to as "revenue sharing 2," from municipalities with an equalized property tax rate exceeding 10 mills to municipalities with an equalized property tax rate exceeding the statewide average property tax rate. The phased-in change may occur only if the total revenue-sharing distribution as established in statute is being provided without reduction or transfer. In addition, the adjustment of the reduction factor in the revenue sharing 2 distribution formula from 10 mills to the statewide average property tax rate is accomplished through an adjustment of no more than 1/2 of one mill per year until the statewide average property tax rate is reached.

FISCAL NOTE REQUIRED,
(See attached)

COMMITTEE AMENDMENT



125th MAINE LEGISLATURE

LD 1835

LR 2603(02)

An Act To Restore Equity in Revenue Sharing

Fiscal Note for Bill as Amended by Committee Amendment "A" S-501

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

No State fiscal impact

Fiscal Detail and Notes

The bill provides for a phased-in change in the distribution of revenue-sharing funds from the Disproportionate Tax Burden Fund. Under current law, only municipalities with a property tax burden greater than 10 mills share in the distribution of these funds. The bill gradually increases the eligibility threshold until only municipalities with an equalized property tax rate in excess of the statewide average property tax rate are entitled to a share of the funds. The phased-in change can only occur if the total revenue sharing distribution as established in statute is being provided without reduction or transfer. The bill would have no impact on total State revenues or expenditures, but would result in a different allocation of revenue sharing from the Disproportionate Tax Burden Fund than under current law.