MAINE STATE LEGISLATURE

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126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document

No. 713

S.P. 262

In Senate, February 26, 2013

An Act To Return Local Revenue Sharing to Full Funding

(EMERGENCY)

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

DAREK M. GRANT Secretary of the Senate

Presented by Senator KATZ of Kennebec. Cosponsored by Representative BLACK of Wilton and

Senators: LANGLEY of Hancock, SAVIELLO of Franklin, Representatives: CROCKETT of Bethel, DILL of Old Town, Speaker EVES of North Berwick, KRUGER of Thomaston, MAKER of Calais.

| 1 2 | Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and |
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| 3 4 5 6 | Whereas, it is crucial that the State provide some certainty for the revenue distributions to local governments for the fiscal year beginning July 1, 2013 and the fiscal years thereafter before the start of fiscal year 2013-14 and before local governments finish their budget decisions; and |
| 7 8 9 10 | Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, |
| 11 | Be it enacted by the People of the State of Maine as follows: |
| 12 | Sec. 1. 30-A MRSA §5681, sub-§2, ¶G is enacted to read: |
| 13 14 15 | G. "Revenue-sharing tax revenue" means the revenue collected from the taxes imposed under Title 36, Parts 3 and 8 and Title 36, section 2552, subsection 1, paragraphs A to F and L and credited to the General Fund. |
| 16 17 | Sec. 2. 30-A MRSA §5681, sub-§5, as amended by PL 2009, c. 213, Pt. S, §4 and affected by §16, is repealed and the following enacted in its place: |
| 18 19 20 21 22 23 24 | 5. Transfers to Local Government Fund. No later than the 10th day of each month, the State Controller shall transfer to the Local Government Fund a percentage of the revenue-sharing tax revenue credited to the General Fund in the previous month without any reduction, except that the postage, state cost allocation program and programming costs of administering state-municipal revenue sharing may be paid by the Local Government Fund. The percentage of the revenue-sharing tax revenue to be transferred is established as follows: |
| 25 26 | A. Five percent of the revenue-sharing tax revenue collected in months beginning before June 30, 2013; |
| 27 28 | B. Three and one-half percent of the revenue-sharing tax revenue collected in months beginning on or after July 1, 2013 but before June 30, 2014; |
| 29 30 | C. Four percent of the revenue-sharing tax revenue collected in months beginning on or after July 1, 2014 but before June 30, 2015; and |
| 31 32 | D. Five percent of the revenue-sharing tax revenue collected in months beginning on or after July 1, 2015. |
| 33 | Sec. 3. 30-A MRSA §5681, sub-§5-D is enacted to read: |
| 34 35 36 37 | 5-D. Transfers to Disproportionate Tax Burden Fund. A percentage share of the amounts transferred to the Local Government Fund from the General Fund each month after deducting the transfers pursuant to subsection 5-C must be transferred to the Disproportionate Tax Burden Fund and distributed pursuant to subsection 4-B as follows: |

| 4 5 | Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved. |
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| 3 | C. For months beginning on or after July 1, 2014, 20%. |
| 2 | B. For months beginning on or after July 1, 2013 but before July 1, 2014, 19%; and |
| 1 | A. For months beginning on or after July 1, 2012 but before July 1, 2013, 18%; |

6 SUMMARY

This bill establishes a plan to return the state-municipal revenue-sharing program to full funding over a 3-year period and replace the arbitrary fixed-dollar reductions used to reduce funding for local governments and balance the General Fund budget. This plan is intended to replace fixed-dollar reductions to this program and provide some long-term certainty in this revenue source for local governments.

The phased-in return to full 5% funding of the state-municipal revenue sharing starts with a transfer to the Local Government Fund of 3.5% of the revenue-sharing tax revenue collected during fiscal year 2013-14 and increases to 4% of revenue collected in fiscal year 2014-15 and finally to 5% of the revenue collected in fiscal year 2015-16 and thereafter. A portion of the transfers to the Local Government Fund are transferred each month to the Disproportionate Tax Burden Fund according to a scheduled phased-in increase to the percentage share. The Disproportionate Tax Burden Fund's share of total state-municipal revenue-sharing program distribution is unchanged from the current law.