

# MAINE STATE LEGISLATURE

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DM  
R. O'S

L.D. 281

Date: 6/18/15 Majority

(Filing No. H-478)

**TAXATION**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
127TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 199, L.D. 281, "Resolve, To Modify the State Valuation of the Town of Madison To Reflect the Loss in Valuation of the Madison Paper Company and To Modify the State Valuation of the Town of Skowhegan To Reflect the Loss in Valuation of the S.D. Warren Company"

Amend the resolve by striking out the title and substituting the following:

**'Resolve, To Modify the State Valuation of the Towns of Madison, Skowhegan, East Millinocket and Jay To Reflect the Loss of Valuation of Major Taxpayers in Those Towns'**

Amend the resolve by striking out everything after the title and before the summary and inserting the following:

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

**Whereas, the value of property within a municipality is a major factor in the calculation of municipal revenue sharing and general purpose aid for local schools; and**

**Whereas, the Town of Madison derives a large portion of its tax valuation from the presence of the Madison Paper Company, the Town of Skowhegan derives a large portion of its tax valuation from the presence of the S.D. Warren Company, the Town of East Millinocket derives a large portion of its tax valuation from the Great Northern Paper Company and the Town of Jay derives a large portion of its tax valuation from the Verso Paper Company; and**

**Whereas, between the 2013 and 2014 tax years, the value of the Madison Paper Company has been reduced by \$149,700,000, representing 65% of its taxable value; the value of the S.D. Warren Company has been reduced by \$100,000,000, representing 18% of its taxable value; the value of the Great Northern Paper Company has been reduced by \$21,900,000, representing approximately 73% of its taxable value; and the value of the Verso Paper Company has been reduced by \$200,095,110, representing 24.5% of its taxable value, as a result of the weakness in the market for printed paper products; and**

**COMMITTEE AMENDMENT**

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**Whereas**, prior to this decrease, the Madison Paper Company represented approximately 40% of the tax base of the Town of Madison, the S.D. Warren Company represented approximately 53% of the tax base of the Town of Skowhegan, the Great Northern Paper Company represented approximately 28.8% of the tax base of the Town of East Millinocket and the Verso Paper Company represented approximately 75.7% of the tax base of the Town of Jay; and

**Whereas**, unless immediate action is taken to account for this decrease in valuation, the Town of Madison, the Town of Skowhegan, the Town of East Millinocket and the Town of Jay will experience the loss of significant revenues based on the decreased valuation of the Madison Paper Company, the S.D. Warren Company, the Great Northern Paper Company and the Verso Paper Company; and

**Whereas**, in the absence of legislative action, the state valuation of the Town of Madison, the Town of Skowhegan, the Town of East Millinocket and the Town of Jay will not be adjusted to reflect this significant reduction in value for 2 years; and

**Whereas**, in the absence of legislative action, the distribution of general purpose aid for local schools to Regional School Unit No. 59, a school unit composed entirely of the Town of Madison; to Regional School Unit No. 54, a school unit composed of the towns of Skowhegan, Canaan, Cornville, Mercer, Smithfield and Norridgewock; to School Union No. 113, a school union composed of East Millinocket, Medway and Woodville and to Regional School Unit No. 73, a school unit composed of Jay, Livermore and Livermore Falls will be calculated on the basis of an inaccurate equalized valuation for at least 3 years; and

**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, be it

**Sec. 1. Modify 2015 state valuations and state-municipal revenue sharing. Resolved:** That, notwithstanding the Maine Revised Statutes, Title 30-A, section 5681 and Title 36, sections 208-A and 305, the State Treasurer shall use the following figures for state-municipal revenue sharing for fiscal year 2015-16: for the Town of Madison, the 2015 state valuation is deemed to be \$349,850,000; for the Town of Skowhegan, the 2015 state valuation is deemed to be \$1,003,800,000; for the Town of East Millinocket, the 2015 state valuation is deemed to be \$70,900,000; and for the Town of Jay, the 2015 state valuation is deemed to be \$801,950,000; and be it further

**Sec. 2. Modify state valuations; education funding; Madison. Resolved:** That, notwithstanding the Maine Revised Statutes, Title 20-A, section 15672, subsection 23, paragraph C and Title 36, sections 208-A and 305, for the purpose of calculating property fiscal capacity for education funding under Title 20-A for fiscal year 2015-16 to fiscal year 2018-19, the Commissioner of Education shall use the following figures for the Town of Madison: the 2015 state valuation is deemed to be \$349,850,000; the 2014 state valuation is deemed to be \$356,600,000; the 2013 state valuation is deemed to be \$355,750,000; and the 2012 state valuation is deemed to be \$361,450,000; and be it further

# COMMITTEE AMENDMENT

R. of S.

**Sec. 3. Modify state valuations; education funding; Skowhegan.**

**Resolved:** That, notwithstanding the Maine Revised Statutes, Title 20-A, section 15672, subsection 23, paragraph C and Title 36, sections 208-A and 305, for the purpose of calculating property fiscal capacity for education funding under Title 20-A for fiscal year 2015-16 to fiscal year 2018-19, the Commissioner of Education shall use the following figures for the Town of Skowhegan: the 2015 state valuation is deemed to be \$1,003,800,000; the 2014 state valuation is deemed to be \$995,550,000; the 2013 state valuation is deemed to be \$996,200,000; and the 2012 state valuation is deemed to be \$991,900,000; and be it further

**Sec. 4. Modify state valuations; education funding; East Millinocket.**

**Resolved:** That, notwithstanding the Maine Revised Statutes, Title 20-A, section 15672, subsection 23, paragraph C and Title 36, sections 208-A and 305, for the purpose of calculating property fiscal capacity for education funding under Title 20-A for fiscal year 2015-16 to fiscal year 2018-19, the Commissioner of Education shall use the following figures for the Town of East Millinocket: the 2015 state valuation is deemed to be \$70,900,000; the 2014 state valuation is deemed to be \$77,250,000; the 2013 state valuation is deemed to be \$79,600,000; and the 2012 state valuation is deemed to be \$102,150,000; and be it further

**Sec. 5. Modify state valuations; education funding; Jay. Resolved:**

That, notwithstanding the Maine Revised Statutes, Title 20-A, section 15672, subsection 23, paragraph C and Title 36, sections 208-A and 305, for the purpose of calculating property fiscal capacity for education funding under Title 20-A for fiscal year 2015-16 to fiscal year 2018-19, the Commissioner of Education shall use the following figures for the Town of Jay: the 2015 state valuation is deemed to be \$801,950,000; the 2014 state valuation is deemed to be \$818,954,890; the 2013 state valuation is deemed to be \$804,454,890; and the 2012 state valuation is deemed to be \$792,554,890.

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

**SUMMARY**

This amendment establishes adjustments to state valuations for the towns of Madison, Skowhegan, East Millinocket and Jay for the purposes of state-municipal revenue sharing and education funding to reflect the effect of significant losses in valuation of major taxpayers due to declines in the paper industry.

**FISCAL NOTE REQUIRED**

(See attached)



# 127th MAINE LEGISLATURE

**LD 281**

**LR 175(02)**

**Resolve, To Modify the State Valuation of the Town of Madison To Reflect the Loss in Valuation of the Madison Paper Company and To Modify the State Valuation of the Town of Skowhegan To Reflect the Loss in Valuation of the S.D. Warren Company**

**Fiscal Note for Bill as Amended by Committee Amendment**

*A (H-478)*

**Committee: Taxation**

**Fiscal Note Required: Yes**

## Fiscal Note

No net fiscal impact to State  
Distribution change to schools and municipalities

### Fiscal Detail and Notes

A school administrative unit's (SAU's) required contribution to the SAU's total cost of education is determined by multiplying the full-value education mill rate by the "property fiscal capacity" as defined in Title 20-A, §15672, sub-§23, ¶C. Beginning in fiscal year 2015-16, the "property fiscal capacity" is the average of the certified state valuations for the 3 most recent years prior to the most recently certified state valuation. For fiscal year 2015-16, the average of the 2012, 2013 and 2014 state valuations are used in the calculations of the state and local contributions for funding K-12 public education calculated by the Department of Education for the upcoming 2015-2016 school year.

Modifying state valuations for the towns of Madison, Skowhegan, Jay and East Millinocket will increase state education subsidies by approximately \$1.2 million to RSU 59 (Madison), \$0.8 million to RSU 54 (Skowhegan), \$0.7 million to RSU 73 (Jay) and \$0.1 million to East Millinocket for the 2015-2016 school year. This fiscal note assumes that an additional General Fund appropriation of approximately \$2.8 million to the General Purpose Aid for Local Schools program beyond the funding included in LD 1019, the 2016-17 biennial budget, will not be provided in fiscal year 2015-16 to support this provision. As a result, all other SAU's will see a corresponding decrease in education subsidies through an increase in the required mill rate of approximately .03 mills. These estimates are based on the funding for K-12 public education as enacted in LD 1019, the 2016-2017 biennial budget. This fiscal note may need to be revised based on the final actions of the 127th Legislature in the 1st Regular Session.

This legislation will also result in a redistribution of the required local contribution for the members of RSU 59, RSU 54 and RSU 73 with the towns of Madison, Skowhegan and Jay having their required local contribution reduced and the other members of those districts having their required local share increased.

Modifying state valuations for the towns of Madison, Skowhegan and East Millinocket will increase state-municipal revenue sharing by approximately \$138,000 to Madison, \$52,500 to Skowhegan and \$54,500 to East Millinocket for the 2015-16 fiscal year. This total increase of \$245,000 will mean all other municipalities will see revenue sharing amounts decrease by \$245,000 through the state-municipal revenue sharing formula. These estimates are based on the funding for state-municipal revenue sharing as enacted in LD 1019, the 2016-2017 biennial budget.