

MAINE STATE LEGISLATURE

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128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 1227

S.P. 418

In Senate, March 30, 2017

**An Act To Restore to Five Percent the State-Municipal Revenue
Sharing Distribution and Create a Matching Fund for Local Road
and Bridge Construction, Maintenance and Reconstruction**

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
Secretary of the Senate

Presented by Senator DIAMOND of Cumberland.

Cosponsored by Senators: CYRWAY of Kennebec, DESCHAMBAULT of York, DION of Cumberland, HILL of York, MILLETT of Cumberland, VITELLI of Sagadahoc.

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

2 **Sec. 1. 30-A MRSA §5681, sub-§3**, as amended by PL 2009, c. 213, Pt. S, §3
3 and affected by §16, is further amended to read:

4 **3. Revenue-sharing funds.** To strengthen the state-municipal fiscal relationship
5 pursuant to the findings and objectives of subsection 1, there is established the Local
6 Government Fund. To provide additional support for municipalities experiencing a
7 higher-than-average property tax burden, there is established the Disproportionate Tax
8 Burden Fund. To provide funding to municipalities for roads and bridge improvement
9 projects, there is established the Local Infrastructure Fund.

10 **Sec. 2. 30-A MRSA §5681, sub-§5**, as amended by PL 2015, c. 267, Pt. K, §1, is
11 further amended to read:

12 **5. Transfers to funds.** No later than the 10th day of each month, the State
13 Controller shall transfer to the Local Government Fund ~~5%~~ 2% of the receipts during the
14 previous month from the taxes imposed under Title 36, Parts 3 and 8; and Title 36,
15 section 2552, subsection 1, paragraphs A to F and L; and credited to the General Fund
16 without any reduction, ~~except that for fiscal years 2015-16, 2016-17, 2017-18 and 2018-~~
17 ~~19 the amount transferred is 2% and to the Local Infrastructure Fund 3% of the receipts~~
18 during the previous month from the taxes imposed under Title 36, Parts 3 and 8; and Title
19 36, section 2552, subsection 1, paragraphs A to F and L; and credited to the General Fund
20 without any reduction, and except that the postage, state cost allocation program and
21 programming costs of administering state-municipal revenue sharing may be paid by the
22 Local Government Fund. A percentage share of the amounts transferred to the Local
23 Government Fund each month must be transferred to the Disproportionate Tax Burden
24 Fund and distributed pursuant to subsection 4-B as follows:

- 25 C. For months beginning on or after July 1, 2009 but before July 1, 2010, 15%;
26 D. For months beginning on or after July 1, 2010 but before July 1, 2011, 16%;
27 E. For months beginning on or after July 1, 2011 but before July 1, 2012, 17%;
28 F. For months beginning on or after July 1, 2012 but before July 1, 2013, 18%;
29 G. For months beginning on or after July 1, 2013 but before July 1, 2014, 19%; and
30 H. For months beginning on or after July 1, 2014, 20%.

31 **Sec. 3. 30-A MRSA §5681, sub-§9** is enacted to read:

32 **9. Local Infrastructure Matching Grant Program established.** There is
33 established in the Department of Transportation the Local Infrastructure Matching Grant
34 Program, referred to in this subsection as "the program." The Department of
35 Transportation shall administer the program to provide matching grants from the Local
36 Infrastructure Fund to a municipality that undertakes projects for the maintenance,
37 improvement or construction of roads or bridges in that municipality. The amount of a
38 grant to a municipality may not exceed an amount that is in proportion to the product of

1 the population of the municipality multiplied by the property tax burden of the
2 municipality.

3 **Sec. 4. Rulemaking.** The Department of Transportation shall adopt routine
4 technical rules as described in the Maine Revised Statutes, Title 5, chapter 375,
5 subchapter 2-A to implement the Local Infrastructure Matching Grant Program
6 established in Title 30-A, section 5681, subsection 9. The rules must specify the methods
7 of applying for a grant and the standards that apply for qualifying infrastructure projects.

8 **SUMMARY**

9 This bill establishes the Local Infrastructure Fund and the Local Infrastructure
10 Matching Grant Program, which is administered by the Department of Transportation to
11 provide matching grants to a municipality that undertakes a project in that municipality to
12 maintain, improve or construct roads or bridges. The fund is funded by continuing the
13 temporary reduction of transfers to the Local Government Fund, so-called state-municipal
14 revenue sharing, at 2% instead of 5% and requiring the other 3% of the revenue from
15 taxes imposed on sales and income to be deposited in the Local Infrastructure Fund. The
16 formula for determining the limit of a grant to a municipality is the same as the formula
17 used to determine the distribution to a municipality from the Local Government Fund.
18 The effect of this is to allow a municipality to receive 5% in revenue sharing, depending
19 on the size of the infrastructure project undertaken by that municipality.