

MAINE STATE LEGISLATURE

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Date:

4/29/21

Minority

(Filing No. H- 114)

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
130TH LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 249, L.D. 351, "An Act Regarding
Municipal Valuation and State-owned Property"

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

**'An Act To Require the State To Make Payments in Lieu of Taxes to Municipalities
with High Levels of State-owned Property'**

Amend the bill by striking out everything after the enacting clause and inserting the
following:

'Sec. 1. 36 MRSA §271, sub-§2, ¶A, as amended by PL 2019, c. 401, Pt. A, §4, is
further amended by amending subparagraph (7) to read:

(7) The current use valuation of certain working waterfront land law, chapter 105,
subchapter 10-A; ~~and~~

Sec. 2. 36 MRSA §271, sub-§2, ¶A, as amended by PL 2019, c. 401, Pt. A, §4, is
further amended by amending subparagraph (8) to read:

(8) Section 209; ~~and~~

Sec. 3. 36 MRSA §271, sub-§2, ¶A, as amended by PL 2019, c. 401, Pt. A, §4, is
further amended by enacting a new subparagraph (9) to read:

(9) Section 662;

Sec. 4. 36 MRSA §662 is enacted to read:

§662. Payments in lieu of taxes

In order to alleviate the burden on municipalities with disproportionate amounts of
state-owned property that is exempt from property tax, the State shall make a payment in
lieu of taxes, as provided in this section, to a municipality in which the equalized value of
state-owned property exceeds 10% of the total equalized value of taxable property in the
municipality.

ROFS

1 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
2 following terms have the following meanings.

3 A. "Equalized municipal tax rate" means the tax rate that, when applied to the equalized
4 value of all taxable property in a municipality, generates the same amount of property
5 tax revenue as the municipal tax rate multiplied by the municipal value of all taxable
6 property in the municipality.

7 B. "Equalized value" means the value of property valued at 100% of just value.

8 C. "State-owned property" means property that is exempt from taxation under section
9 651, subsection 1, paragraph B.

10 **2. Valuation of state-owned property.** By April 1, 2022 and annually thereafter, the
11 State Tax Assessor shall identify and determine the equalized value of all state-owned
12 property and notify each municipality with state-owned property regarding those
13 determinations. A municipality may appeal a determination of the State Tax Assessor to
14 the State Board of Property Tax Review under chapter 101, subchapter 2-A.

15 **3. Payment in lieu of taxes.** If the total equalized value of all state-owned property
16 in a municipality exceeds 10% of the total equalized value of all taxable property in the
17 municipality as determined by the State Tax Assessor, the assessor shall calculate a
18 payment to the municipality in lieu of taxes. The payment in lieu of taxes is equal to the
19 equalized municipal tax rate multiplied by the amount by which the equalized value of
20 state-owned property exceeds 10% of the total equalized value of all taxable property in
21 the municipality.

22 **4. Process of payment.** By October 1, 2022 and annually thereafter, the State Tax
23 Assessor shall notify the Treasurer of State of amounts owed to municipalities under this
24 section, and the Treasurer of State shall pay the amount owed to each municipality by
25 January 1, 2023 and annually thereafter.

26 **5. Unorganized territory.** A payment in lieu of taxes with regard to state-owned
27 property in the unorganized territory must be determined and paid in the same manner
28 provided for municipalities under this section.

29 **Sec. 5. Appropriations and allocations.** The following appropriations and
30 allocations are made.

31 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

32 **Revenue Services, Bureau of 0002**

33 Initiative: Provides funding for one Principal Property Appraiser position and 2 temporary
34 Principal Property Appraiser positions and related costs to process payments in lieu of taxes
35 to municipalities.

36	GENERAL FUND	2021-22	2022-23
37	POSITIONS - LEGISLATIVE COUNT	1.000	1.000
38	Personal Services	\$229,554	\$103,002
39	All Other	\$24,984	\$10,174
40			
41	GENERAL FUND TOTAL	\$254,538	\$113,176
42	Revenue Services, Bureau of 0002		

Initiative: Provides funding for payments in lieu of taxes to municipalities.

	2021-22	2022-23
GENERAL FUND		
All Other	\$0	\$10,000,000
GENERAL FUND TOTAL	<u>\$0</u>	<u>\$10,000,000</u>

**ADMINISTRATIVE AND FINANCIAL
SERVICES, DEPARTMENT OF
DEPARTMENT TOTALS**

	2021-22	2022-23
GENERAL FUND	\$254,538	\$10,113,176
DEPARTMENT TOTAL - ALL FUNDS	<u>\$254,538</u>	<u>\$10,113,176</u>

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment is the minority report of the committee and replaces the bill. The amendment requires the State to make a payment in lieu of taxes to municipalities where the equalized value of state-owned property exceeds 10% of the equalized value of all taxable property in the municipality. The same requirement is applied to the unorganized territory. The amendment includes an appropriations and allocations section.

FISCAL NOTE REQUIRED

(See attached)



Approved: 03/25/21 *MAC*

130th MAINE LEGISLATURE

LD 351

LR 1552(02)

An Act Regarding Municipal Valuation and State-owned Property

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-114)

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2021-22	FY 2022-23	Projections FY 2023-24	Projections FY 2024-25
Net Cost (Savings)				
General Fund	\$254,538	\$10,113,176	\$10,416,472	\$10,719,873
Appropriations/Allocations				
General Fund	\$254,538	\$10,113,176	\$10,416,472	\$10,719,873

Fiscal Detail and Notes

The bill provides for payments in lieu of taxes for certain state owned property. The bill includes a General Fund appropriation of \$10,000,000 in fiscal year 2022-23 to the Department of Administrative and Financial Services for these payments. The bill also includes a General Fund appropriation of \$254,538 in fiscal year 2021-22 and \$113,176 in fiscal year 2022-23 for one Principal Property Appraiser position and 2 temporary Principal Property Appraiser positions and related costs to process payments in lieu of taxes to municipalities.