An Act To Authorize an Alternative Calculation of the Property Growth Factor for Industrial Municipalities

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

Sec. 1. 30-A MRSA §5721-A, sub-§1, ¶C, as enacted by PL 2005, c. 2, Pt. C, §1 and affected by §§3 and 5 and c. 12, Pt. WW, §16, is amended to read:

C. "Property growth factor" means the percentage equivalent to a fraction established by a municipality, whose denominator is the total valuation of the municipality, and whose numerator is the amount of increase in the assessed valuation of any real or personal property in the municipality that became subject to taxation for the first time, or taxed as a separate parcel for the first time for the most recent property tax year for which information is available, or that has had an increase in its assessed valuation over the prior year's valuation as a result of improvements to or expansion of the property. <u>A municipality identified as having a personal property growth factor that exceeds 5%, as determined pursuant to Title 36, section 694, subsection 2, may calculate the property growth factor using the rolling average of the 2 most recent property tax years for which information is available.</u>

SUMMARY

This bill provides an alternative method for municipalities with significant amounts of personal property in their tax base to calculate their property growth factor for the purposes of determining their property tax levy limit under the system in Public Law 2005, chapter 2, also known as "LD 1." Specifically, this bill allows municipalities to calculate the property growth factor either on the basis of the previous year's data or the average of the 2 previous years' data in order to address the potential year-to-year volatility in property growth.