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An Act Reduce Maine's Tax Burden over a 10-year Period

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

Sec. 1. 5 MRSA §1531, sub-§1, as enacted by PL 2005, c. 2, Pt. A, §5 and affected by §14, is repealed.

Sec. 2. 5 MRSA §1531, sub-§10 is enacted to read:

10. Tax burden reduction factor. "Tax burden reduction factor" means:

- A. For fiscal years 2008-09 and 2009-10, 50%;
- B. For fiscal years 2010-11 and 2011-12, 60%;
- C. For fiscal years 2012-13 and 2013-14, 70%;
- D. For fiscal years 2014-15 and 2015-16, 80%;
- E. For fiscal years 2016-17 and 2017-18, 90%; and
- F. For fiscal year 2018-19 and later, 100%.

Sec. 3. 5 MRSA §1531, sub-§11 is enacted to read:

11. Total income growth factor. "Total income growth factor" means average real personal income growth plus forecasted inflation.

Sec. 4. 5 MRSA §1534, sub-§1, ¶A, as enacted by PL 2005, c. 2, Pt. A, §5 and affected by §14, is amended to read:

- A. For the first fiscal year of the biennium, the General Fund appropriation limitation is equal to the biennial base year appropriation multiplied by one plus the spending growth limitation factor in subsection 2.

Sec. 5. 5 MRSA §1534, sub-§1, ¶B, as amended by PL 2005, c. 621, §3, is further amended to read:

- B. For the 2nd year of the biennium, the General Fund appropriation limitation is the General Fund appropriation limitation of the first year of the biennium biennial base year appropriation multiplied by one plus the spending growth limitation factor in subsection 2.

Sec. 6. 5 MRSA §1534, sub-§2, as enacted by PL 2005, c. 2, Pt. A, §5 and affected by §14, is repealed and the following enacted in its place:

2. Spending growth limitation factor. The spending growth limitation factor is the total income growth factor multiplied by the tax burden reduction factor. The spending growth limitation factor may not be less than zero.

Sec. 7. 20-A MRSA §15671-A, sub-§3, as amended by PL 2005, c. 2, Pt. D, §35 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is repealed.

Sec. 8. 20-A MRSA §15671-A, sub-§5, as amended by PL 2005, c. 519, Pt. AAAA, §2, is repealed.

Sec. 9. 20-A MRSA §15671-A, sub-§6 is enacted to read:

6. Exceeding EPS local growth factor. If the sum of a school administrative unit's required local contribution determined pursuant to section 15688, subsection 3-A plus the state contribution as calculated pursuant to section 15688, subsection 3-A, paragraph D plus any state funds resulting from a transition adjustment pursuant to section 15686 plus any additional local amount proposed to be raised pursuant to section 15690, subsection 3 exceeds the amount permitted to be spent by the school administrative unit for the preceding year by more than the education spending growth limit factor, the following provisions govern approval of that additional amount.

A. The article approving the additional amount must conform to the requirements of section 15690, subsection 3, paragraph B.

B. For all school administrative units that finally approve the school budget at a town meeting or district meeting, and notwithstanding section 1304, subsection 6; section 1701, subsection 7; Title 30-A, section 2528, subsection 5; or any other provision of law, municipal charter provision or ordinance, the article must be approved by at least 2/3 of the school administrative unit's legislative body or, if the legislative body votes to approve the article by a simple majority but not by at least a 2/3 majority, the article must be finally approved by a majority of voters at referendum.

C. For all school administrative units with a legislative body that adopts the school budget by a referendum process, the article must be approved by a majority of voters at referendum.

D. For all school administrative districts and community school districts that have adopted the budget validation process established in sections 1305-A or 1701-A, the article must be approved by a majority of the voters at the open district meeting and a majority of voters at the budget validation referendum.

E. In a municipality where the responsibility for final adoption of the school budget is vested by the municipal charter in a council, this paragraph applies, except that the petition and referendum provisions apply only if the municipal charter does not otherwise provide for or prohibit a petition and referendum process with respect to the matters described in this paragraph.

(1) A majority of the entire membership of the school board or committee must approve the additional amount in a regular budget meeting.

(2) An article approving the additional amount must conform to the requirements of section 15690, subsection 3, paragraph B and be approved by at least 2/3 of the entire membership of the council in a vote taken in accordance with section 15690, subsection 5 or, if the council votes to approve the article by a simple majority of the council but not by at least a 2/3 majority of the entire membership, by a majority of voters at referendum.

(3) If an article is approved by at least 2/3 of the entire membership of the council pursuant to subparagraph (2), the voters may petition for a referendum vote on the same article in accordance with subparagraph (4). If a petition is filed in accordance with subparagraph (4), the vote of the council is suspended pending the outcome of the referendum vote. Upon approval of the article by a majority of the voters voting in that referendum, the article takes effect. If the article is not approved by a majority of the voters voting in that referendum, the article does not take effect. Subsequent to the vote, the school committee or board may again propose an additional amount, subject to the requirements of this section.

(4) If a written petition, signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality, requesting a vote on the additional amount is submitted to the municipal officers within 30 days of the council's vote pursuant to subparagraph (2), the article voted on by the council must be submitted to the legal voters in the next regular election or a special election called for the purpose. The election must be held within 45 days of the submission of the petition. The election must be called, advertised and conducted according to the law relating to municipal elections, except that the registrar of voters is not required to prepare or the clerk to post a new list of voters and absentee ballots must be prepared and made available at least 14 days prior to the date of the referendum. For the purpose of registration of voters, the registrar of voters must be in session the secular day preceding the election. The voters shall indicate by a cross or check mark placed against the word "Yes" or "No" their opinion on the article. The results must be declared by the municipal officers and entered upon the municipal records.

Sec. 10. 20-A MRSA §15672, sub-§3-A is enacted to read:

3-A. Education spending growth limit factor. "Education spending growth limit factor" means the EPS local growth factor multiplied by the tax burden reduction factor as defined in Title 5, section 1531, subsection 10. The education spending growth limit factor may not be less than zero.

Sec. 11. 20-A MRSA §15672, sub-§7-B is enacted to read:

7-B. EPS local growth factor. "EPS local growth factor" means the percentage increase in the state-determined cost of essential programs and services for a school administrative unit over the preceding year.

Sec. 12. 30-A MRSA §706-A, sub-§1, ¶C-1 is enacted to read:

C-1. "Local distribution factor" means the figure determined by dividing the property growth factor by the average of the property growth factors for all counties.

Sec. 13. 30-A MRSA §706-A, sub-§1, ¶F is enacted to read:

F. "Tax burden reduction factor" means:

(1) For fiscal years 2008-09 and 2009-10, 50%;

(2) For fiscal years 2010-11 and 2011-12, 60%;

(3) For fiscal years 2012-13 and 2013-14, 70%;

(4) For fiscal years 2014-15 and 2015-16, 80%;

(5) For fiscal years 2016-17 and 2017-18, 90%; and

(6) For fiscal year 2018-19 and later, 100%.

Sec. 14. 30-A MRSA §706-A, sub-§1, ¶G is enacted to read:

G. "Total income growth factor" means average real personal income growth plus forecasted inflation.

Sec. 15. 30-A MRSA §706-A, sub-§3, as enacted by PL 2005, c. 2, Pt. B, §1 and affected by §§2 and 4 and c. 12, Pt. WW, §14, is repealed and the following enacted in its place:

3. Growth limitation factor. The growth limitation factor is the total income growth factor multiplied by the local distribution factor and the tax burden reduction factor. The growth limitation factor may not be less than zero.

Sec. 16. 30-A MRSA §706-A, sub-§5, ¶B, as enacted by PL 2005, c. 2, Pt. B, §1 and affected by §§2 and 4 and c. 12, Pt. WW, §14, is amended to read:

B. The county assessment limit may be exceeded only as provided in subsection 77-A.

Sec. 17. 30-A MRSA §706-A, sub-§5, ¶D, as enacted by PL 2005, c. 348, §1, is amended to read:

D. For fiscal years 2005-06 and 2006-07 in Sagadahoc County, and fiscal years 2006 and 2007 in Lincoln County, that portion of the county assessment that is attributable to the costs of construction, debt service, operation and maintenance of a new jail facility authorized under chapter 17 is not subject to paragraphs A, B and C or to subsections 2, 6 and 77-A. Notwithstanding subsection 2, paragraph A, the county assessment limit for fiscal year 2007-08 for Sagadahoc County and fiscal year 2008 in Lincoln County is the county assessment for each county for the previous fiscal year, multiplied by one plus the growth limitation factor pursuant to subsection 3. Notwithstanding

subsection 2, paragraph C, the county assessments for Sagadahoc County in fiscal year 2008-09 and subsequent fiscal years and for Lincoln County in fiscal year 2009 and subsequent fiscal years are subject to subsection 2, paragraph B.

Sec. 18. 30-A MRSA §706-A, sub-§6, as enacted by PL 2005, c. 2, Pt. B, §1 and affected by §§2 and 4 and c. 12, Pt. WW, §14, is amended to read:

6. Increase in county assessment limit. The county assessment limit established in subsection 2 may be increased for other purposes only as provided in subsection 77-A.

Sec. 19. 30-A MRSA §706-A, sub-§7, as affected by PL 2005, c. 2, Pt. B, §4 and amended by c. 12, Pt. WW, §10 and affected by §§13 and 14, is repealed.

Sec. 20. 30-A MRSA §706-A, sub-§7-A is enacted to read:

7-A. Process for exceeding county assessment limit. A county may exceed or increase the county assessment limit only if approved by a vote of a majority of all the members of both the county budget committee or county budget advisory committee and the county commissioners and the approval is ratified at referendum. For the purposes of conducting the referendum election, the article voted on by the commissioners and budget advisory committee must be submitted to the legal voters in the next regular election or a special election called for that purpose. The election must be called, advertised and conducted according to the law relating to municipal elections, except that the registrar of voters is not required to prepare or the clerk to post a new list of voters, the filing requirement contained in section 2528 does not apply and absentee ballots must be prepared and made available at least 14 days prior to the date of the referendum. For the purpose of registration of voters, the registrar of voters must be in session the business day preceding the election. The voters shall indicate by a cross or check mark placed against the word "Yes" or "No" their opinion on the article. The results must be declared by the county commissioners and entered upon the county records.

Sec. 21. 30-A MRSA §5721-A, sub-§1, ¶B-1 is enacted to read:

B-1. "Local distribution factor" means the figure determined by dividing the property growth factor by the average of the property growth factors for all municipalities.

Sec. 22. 30-A MRSA §5721-A, sub-§1, ¶F is enacted to read:

F. "Tax burden reduction factor" means:

(1) For fiscal years 2008-09 and 2009-10, 50%;

(2) For fiscal years 2010-11 and 2011-12, 60%;

(3) For fiscal years 2012-13 and 2013-14, 70%;

(4) For fiscal years 2014-15 and 2015-16, 80%;

(5) For fiscal years 2016-17 and 2017-18, 90%; and

(6) For fiscal year 2018-19 and later, 100%.

Sec. 23. 30-A MRSA §5721-A, sub-§1, ¶G is enacted to read:

G. "Total income growth factor" means average real personal income growth plus forecasted inflation.

Sec. 24. 30-A MRSA §5721-A, sub-§5, ¶B, 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:

B. The property tax levy limit may be exceeded only as provided in subsection 77-A.

Sec. 25. 30-A MRSA §5721-A, sub-§6, 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:

6. Increase in property tax levy limit. The property tax levy limit established in subsection 2 may be increased for other purposes only as provided in subsection 77-A.

Sec. 26. 30-A MRSA §5721-A, sub-§7, as affected by PL 2005, c. 2, Pt. C, §5 and amended by c. 12, Pt. WW, §12 and affected by §§15 and 16, is repealed.

Sec. 27. 30-A MRSA §5721-A, sub-§7-A is enacted to read:

7-A. Process for exceeding property tax levy limit. A municipality may exceed or increase the property tax levy limit only by the following means.

A. If the municipal budget is adopted by town meeting, the property tax levy limit may be exceeded only if approved by at least 2/3 of the assembled membership of the town meeting or, if the legislative body votes to approve the article by a simple majority but not by at least a 2/3 majority, the property tax levy limit may be exceeded only if finally approved by a majority of voters at referendum.

B. If the municipal budget is adopted by referendum, the property tax levy limit may be exceeded only if a separate article that specifically identifies the intent to exceed the property tax levy limit is approved by a simple majority of the referendum voters.

C. In a municipality where the responsibility for final adoption of the budget is vested by the municipal charter in a council, this paragraph applies, except that the petition and referendum provisions apply only if the municipal charter does not otherwise provide for or prohibit a petition and referendum process with respect to the matters described in this paragraph.

(1) An article approving the property tax levy limit must be approved by at least 2/3 of the entire membership of the council or, if the council votes to approve the article by a simple majority of the council but not by at least a 2/3 majority of the entire membership, by a majority of voters at referendum.

(2) If an article is approved by at least 2/3 of the entire membership of the council pursuant to subparagraph (1), the voters may petition for a referendum vote on the same article in accordance with subparagraph (3). If a petition is filed in accordance with subparagraph (3), the vote of the council is suspended pending the outcome of the referendum vote. Upon approval of the article by a majority of the voters voting in that referendum, the article takes effect. If the article is not approved by a majority of the voters voting in that referendum, the article does not take effect. Subsequent to the vote, the school committee or board may again propose an additional amount, subject to the requirements of this section.

(3) If a written petition, signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality, requesting a vote on the additional amount is submitted to the municipal officers within 30 days of the council's vote pursuant to subparagraph (1), the article voted on by the council must be submitted to the legal voters in the next regular election or a special election called for the purpose. The election must be held within 45 days of the submission of the petition. The election must be called, advertised and conducted according to the law relating to municipal elections, except that the registrar of voters is not required to prepare or the clerk to post a new list of voters and absentee ballots must be prepared and made available at least 14 days prior to the date of the referendum. For the purpose of registration of voters, the registrar of voters must be in session the secular day preceding the election. The voters shall indicate by a cross or check mark placed against the word "Yes" or "No" their opinion on the article. The results must be declared by the municipal officers and entered upon the municipal records.

Sec. 28. Application. The provisions of this Act apply to budgets for the first fiscal year that begins after the effective date of this Act.

Sec. 29. Statutory referendum procedure; submission at election; form of question; effective date. This Act must be submitted to the legal voters of the State at a statewide election held in the month of November following the passage of this Act. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Act by voting on the following question:

"Do you favor adopting a 10-year plan to reduce Maine's tax burden by establishing a statewide tax burden reduction factor and by establishing strict requirements to override the tax burden reduction limits imposed in the 10-year plan?"

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature.

The Governor shall review the returns. If a majority of the legal votes are cast in favor of this Act, the Governor shall proclaim the result without delay and this Act becomes effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Act necessary to carry out the purposes of this referendum.

SUMMARY

This bill puts in place a 10-year plan to reduce Maine's tax burden by establishing a statewide tax burden reduction factor that would gradually lower taxes over time. The bill also defines procedures necessary to override the tax burden reduction limits imposed in the 10-year plan. The changes proposed by this bill are subject to approval by the voters at a referendum vote in November 2007.