



# 127th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2015

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Legislative Document

No. 646

S.P. 239

In Senate, March 3, 2015

### **An Act To Provide Incentives for Municipal Cooperation and Shared Services**

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Reference to the Committee on State and Local Government suggested and ordered printed.

A handwritten signature in black ink, reading "Heather J.R. Priest".

HEATHER J.R. PRIEST  
Secretary of the Senate

Presented by Senator LIBBY of Androscoggin.  
Cosponsored by Senator: DAVIS of Piscataquis.

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

2 **Sec. 1. 30-A MRSA §2201**, as amended by PL 2009, c. 636, Pt. D, §1, is further  
3 amended to read:

4 **§2201. Purpose**

5 It is the purpose of this chapter to permit public agencies of the State or any adjoining  
6 state, including but not limited to municipalities, counties and school administrative units,  
7 and federal agencies and Indian tribes and their political subdivisions to make the most  
8 efficient use of their powers by enabling them to cooperate on a basis of mutual  
9 advantage and thereby to provide services and facilities within the State in a manner and  
10 pursuant to forms of governmental organization that will accord best with geographic,  
11 economic, population and other factors influencing the needs and development of  
12 communities. It is also the purpose of this chapter to provide incentives for greater  
13 interlocal cooperation among local governments by allowing such governments to shelter  
14 that portion of a municipality's equalized taxable valuation dedicated to the financial  
15 support of joint services and functions provided by 2 or more local governments.

16 **Sec. 2. 30-A MRSA §2205**, as enacted by PL 1987, c. 737, Pt. A, §2 and Pt. C,  
17 §106 and amended by PL 1989, c. 6; c. 9, §2; and c. 104, Pt. C, §§8 and 10, is further  
18 amended by adding at the end a new paragraph to read:

19 If an agreement made under this chapter will result in one or more municipalities  
20 taking advantage of the incentives provided under section 2209, the agreement must be  
21 filed with the property tax division within the Department of Administrative and  
22 Financial Services, Maine Revenue Services for verification purposes.

23 **Sec. 3. 30-A MRSA §2209** is enacted to read:

24 **§2209. Incentives**

25 A municipality that is financing the delivery of joint services under the terms of an  
26 agreement made according to this chapter may shelter a certain amount of imputed value  
27 from the determination of equalized just value of taxable property conducted by the  
28 property tax division within the Department of Administrative and Financial Services,  
29 Maine Revenue Services pursuant to Title 36, sections 208 and 305.

30 **1. Calculation of dedicated value.** The assessed value dedicated to the support of a  
31 joint service must be calculated as follows:

32 A. Determine the total amount of General Fund support provided by the municipality  
33 during its fiscal year to fund the joint service less any revenues derived from the act  
34 of providing that service to calculate the property tax support for that joint service;  
35 and

36 B. Divide the property tax support for the joint service by the municipality's property  
37 tax rate for that fiscal year to determine the total assessed value required to generate  
38 the property taxes necessary to support the joint service.

1 **2. Assessor's return.** On forms provided by the Department of Administration and  
2 Financial Services, Maine Revenue Services, the municipal assessor shall annually  
3 certify, as of the date of commitment, the assessed value required to support each joint  
4 service provided by the municipality pursuant to an agreement made under this chapter.  
5 In making the annual determination of the equalized just value of the real and personal  
6 property located within the municipality, the total equalized assessed value required to  
7 generate the property taxes necessary to support the joint services financed by the  
8 municipality must be excluded from the equalized joint value.

9 **Sec. 4. 36 MRSA §305, sub-§1,** as amended by PL 2003, c. 426, §2, is further  
10 amended to read:

11 **1. Just value.** Certify to the Secretary of State before the first day of February the  
12 equalized just value of all real and personal property in each municipality and  
13 unorganized place that is subject to taxation under the laws of this State, except that  
14 portion of total equalized assessed value dedicated to the support of joint services as  
15 calculated pursuant to Title 30-A, section 2209, and except that percentage of captured  
16 assessed value located within a tax increment financing district that is used to finance that  
17 district's development plan, the captured assessed value located within a municipal  
18 affordable housing development district and the valuation amount by which the current  
19 assessed value of commercial and industrial property within a municipal incentive  
20 development zone, as determined in Title 30-A, section 5284, exceeds the assessed value  
21 of commercial and industrial property within the zone as of the date the zone is approved  
22 by the Commissioner of Economic and Community Development, known in this  
23 subsection as the "sheltered value," up to the amount invested by a municipality in  
24 infrastructure improvements under an infrastructure improvement plan adopted pursuant  
25 to Title 30-A, section 5283. The equalized just value must be uniformly assessed in each  
26 municipality and unorganized place and be based on 100% of the current market value. It  
27 must separately show for each municipality and unorganized place the actual or estimated  
28 value of all real estate that is exempt from property taxation by law, is dedicated to the  
29 support of joint services or is the captured value within a tax increment financing district  
30 that is used to finance that district's development plan, as reported on the municipal  
31 valuation return filed pursuant to section 383, or that is the sheltered value of a municipal  
32 incentive development zone. The valuation as filed remains in effect until the next  
33 valuation is filed and is the basis for the computation and apportionment of the state and  
34 county taxes;

## 35 SUMMARY

36 This bill provides an incentive for municipalities to enter into collaborative  
37 agreements with other municipalities or units of local government to provide joint  
38 services under the terms of the State's longstanding laws governing interlocal  
39 cooperation. The incentive provided by the bill is the ability of the municipalities  
40 participating in an interlocal agreement to calculate the value of taxable property within  
41 the municipality that is dedicated to financing the joint agreements and cause that value to  
42 be sheltered in the calculation of each municipality's equalized just value. The equalized  
43 just value is a determining factor in the distribution of General Purpose Aid to local  
44 schools, municipal revenue sharing and the apportionment of county taxes.

