

Property Tax Reform

PUBLIC 2

An Act To Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels

LD 1

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
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Public Law 2005, chapter 2 provides the following tax and spending reform:

1. It establishes a General Fund appropriation limitation that limits the growth of General Fund appropriations to the rate established by a formula that is based on real personal income growth and population growth. The limit is higher when the state and local tax burden for the State is reduced to the middle 1/3 of all states. It restructures the Maine Budget Stabilization Fund and changes the primary use of the fund to budget stabilization during periods when General Fund revenues are insufficient to meet allowable General Fund appropriations. The Maine Budget Stabilization Fund is capped at 12% of General Fund revenues. When all designated year-end transfers of excess General Fund revenues have reached their caps, excess revenues are transferred to a new Tax Relief Fund for Maine Residents.
2. It establishes limits on the growth of county tax assessments.
3. It establishes limits on the growth of municipal property tax levies.
4. It makes changes to the education funding formulas to provide 4-year ramp to achieve 55% state share of 100% of essential programs and services; modifies special education distributions; provides various transition adjustments; directs the Commissioner of Education to develop and report recommendations for a transition adjustment and other issues in fiscal year 2006-07 to the Joint Standing Committee on Education and Cultural Affairs; directs the Department of Education to phase-in the impact of cost-sharing changes; provides a school administrative unit spending cap based on 100% of the essential programs and services total cost of education and provides for a local override process; and addresses conflicting provisions regarding administration and oversight of the Fund for Efficient Delivery of Educational Services;
5. It changes the Maine Residents Property Tax Program, also known as the circuit breaker program, by eliminating income eligibility requirements, raising the maximum benefit from \$1,000 to \$2,000, extending the application period through May 31st annually and establishing the maximum property taxes and rent constituting property taxes that may be considered in calculating the benefit.
6. It increases the homestead property tax exemption to \$13,000 for all homesteads and provides 50% state reimbursement to municipalities.
7. It sets the ceiling on the Local Government Fund under state-municipal revenue sharing at \$100,000,000 in fiscal year 2005-06 and provides for future indexing of the ceiling according to the Consumer Price Index. This change increases the portion of state-municipal revenue sharing funds transferred to the Disproportionate Tax Burden Fund, also referred to as Revenue Sharing 2, which provides greater payments to municipalities with tax rates exceeding 10 mills.
8. It establishes the goal of reducing the total state and local tax burden to the middle 1/3 of all states by 2015. It also requires the State Planning Office to monitor and report on the progress of state and local governments in meeting this goal and to collect and analyze data relating to state and local spending and revenues.

Property Tax Reform

CON RES 1

**RESOLUTION, Proposing an Amendment to the Constitution of
Maine To Permit the Legislature To Allow the Current Use
Valuation of Waterfront Land Used for or That Supports
Commercial Fishing Activities**

LD 299

Sponsor(s)

Committee Report

Amendments Adopted

S-12 MILLS P

Constitutional Resolution, chapter 1, if approved by voters, amends the Constitution of Maine to allow the Legislature to provide for the assessment of waterfront land that is used for or that supports commercial fishing activities based on the current use of that property similar to treatment now available for farms, open space and forestland.