

Governor Baldacci's Proposed State Budget

Public hearings began this week on Governor Baldacci's proposed two-year state budget. Based on a review of the draft budget document and what MMA is beginning to learn about various elements of the budget that were not entirely clear in the printed bill, there are several proposals within the draft budget that municipal officials should be informed about.

\$5 state fee for locally-issued outdoor burning permits. The proposed state budget would establish a \$5 required state fee for the issuance of any outdoor burning permit on the local level. As proposed, the \$5 fee would have to be collected by the municipal fire warden (or his or her deputies) and transmitted in its entirety to the state's General Fund. The estimated revenue generated for the state under this proposal is \$800,000 a year.

The proposed \$5 state fee is coupled with a conceptual proposal to provide outdoor burning permits through a website-based, on-line licensing process. As proposed, on-line licensing would either occur in conjunction with, or as a replacement to, issuance at the local level.

As described by the Maine Forest Service at the public hearing on Monday this week, municipal fire wardens would go on-line through a protected website as often as they wished in order to establish the local criteria for the issuance of burning permits in their jurisdiction. The on-line licensing system would then adapt those local criteria into the program that would authorize over the website the licensing of burning permits for all on-line applicants. Whenever the Maine Forest Service believes that no permits should be issued, it could "toggle off" the issuance of any burning permit, ei-

ther in regions of the state or statewide.

From the state side, the Maine Forest Service and a representative from the state's on-line licensing system, known

as "InforME", testified in strong support for the \$5 fee on burning permits. The InforME representative testified that

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Information on LD 1

MMA has received many requests from municipal officials for information explaining the impacts of LD 1, the property tax relief bill enacted on January 20, 2005.

Some words of caution. This new law contains over 80 printed pages of statutory changes. The bill that was originally developed by Governor Baldacci and his staff went before a special legislative committee that deliberated for five weeks and amended the bill. The full Legislature voted on the bill within a week of receiving the full text of the legislation. For all of these reasons, the legislation is not perfect; in fact, those 80-plus pages of new law have generated a lot of questions and some confusion. It is quite possible that this new legislation might get amended before the session concludes to clarify its application.

Given the questions and concerns that have arisen from LD 1, MMA staff debated whether or not to start immediately communicating its impacts or wait until we had a clearer understanding of how it would affect municipalities. It was decided that we needed to get started with the communications as soon as possible, even though some of what we tell you may get revised in later communications. We believe that municipal officials are very anxious to hear about this new law and we have enough information to get that dialogue started.

Plans are to have the March issue of the MAINE TOWNSMAN be a comprehensive guide to LD 1. Articles are planned for education funding, the spending limitation processes, the other major elements of LD 1 (i.e., Homestead Exemption, Revenue Sharing and Circuit Breaker), and a comprehensive Q&A.

While most of MMA's communications will center around the March issue of the TOWNSMAN, staff felt that some time-sensitive issues needed to be addressed before then. For that reason, we are plan to write and publish a Q&A column (LD 1 Corner) in each issue of the Bulletin for the next several weeks.

This week's column is on page 3 of the Bulletin.

The questions and answers in this week's LD 1 are specifically intended to provide some guidance to those communities with a March town meeting who have a July/June fiscal year or a municipal school system for which the education budget is adopted at that meeting. These municipalities will need to comply with the spending limitations in LD 1.

If your community fits in one of these categories and you are able to postpone municipal or school budget decisions to a special town meeting held later this spring or early summer, it might be wise to consider this option. We expect to have some of the technical and legal concerns with LD 1 worked out by that time.

STATE BUDGET (cont'd)

an on-line permitting process for open burning would create “added value, better control and more accountability”. The “added value” would come about because a person could obtain his or her burning permit “24/7” (meaning at any hour of the day or night), instead of having to “chase down their fire warden”. The “better control” would be obtained because the Maine Forest Service would know at every instant and at a glance where every single burning permit in the state was issued. Although not a part of the printed bill, the Maine Forest Service testified that the intention was to allow InforME to keep \$1 of the \$5 fee for all permits issued on-line. Apparently, the municipality would also be able to retain \$1 of the fee for all locally-issued permits as an agent fee. The remaining \$4 would be shipped back to the state’s General Fund.

Along with the Maine Forest Service and InforME, the Natural Resources Council of Maine, and two municipal officials testified in support of the required \$5 fee. Tiffany Glidden, a selectperson from the Town of China, testified that the on-line system would reduce municipal workload in the clerk’s office, and a \$5 fee would not discourage people from seeking a permit. Freeport’s Fire Chief, Darrel Fournier, supported the proposal, generally, but said that the proposed fee should be doubled, with half the fee revenue staying with the town.

MMA testified in opposition to the required state fee being attached to municipal burn permits. Most municipalities are trying to encourage people to take out a burn permit for notification

purposes, which the required fee would discourage. Second, the typical people who issue burn permits in a community are folks in the field, deputized wardens at the country store or fire department officials in their homes. The permits are often issued outside of the town office where fees of any kind are collected, properly segregated, managed and transmitted to Augusta. To require in-the-field municipal personnel to collect and manage the state’s fee is a significant modification of current practice. Third, in the budget bill, the \$5 fee goes entirely and directly to the state’s General Fund, even though it is the municipal fire department, supported entirely by property tax dollars, that will eventually put out the fire.

Hunting/Fishing license fee increases. The proposed state budget makes a sweep of all fishing, hunting, combination fishing/hunting, and boat and ATV registration fees, and increases current license and registration costs by \$3 across the board. The aggregate increase in state revenue associated with these across-the-board fee increases is estimated at \$2.3 million in FY 06 and \$2.9 million in FY 07.

Projected increase in URIP funding. The state budget projects an increase in the Urban-Rural Initiative Program (formerly known as Local Road Assistance) from \$22.8 million in the current year (FY 05) to \$26.2 million for next year. This increase of nearly 15% is attributable to the redesign the old Local Road Assistance program to the URIP program in 1999. When that program was redesigned, the law was amended to guarantee that 9.6% of the entire Highway Fund allocation dedicated to state road and bridge construction and maintenance purposes must be allocated to the URIP program. Therefore, the 15% increase in URIP funding is reflective of a similar increase in funding for the state’s highway programs.

Funding the BETR program “off-line”. Governor Baldacci’s on-line overview of his proposed budget suggests that it includes “\$153 million in business machinery tax cuts”. A straight reading of the proposed budget does not explain the claim. The proposed budget actually moves the entire state funding for the Business Equipment Tax Reim-

bursement program (BETR) “off line”. The proposed budget doesn’t cut the tax; it simply redesigns the way the tax rebate system is financed. What it all means is that the \$161 million estimated to be rebated to qualifying businesses over the next two years to cover their personal property tax obligations would no longer be appropriated by the Legislature. Instead, those state payments would be made by Maine Revenue Services directly from the state income tax revenues, and before that revenue is allowed to flow into the state’s General Fund. The previous Legislature similarly moved the Circuit Breaker property tax and rent rebate program “off line” last year.

The effects of this change are: (1) it makes BETR reimbursements essentially automatic; (2) it slightly reduces Maine overall tax burden calculation because the state’s overall tax collections would be reduced by \$161 million; and (3) it makes it \$80 million easier for the Legislature to live within the spending limitation system placed on the Legislature in LD 1.

The last of these effects of the BETR off-line proposal deserves some explanation. Under the terms of LD 1, the Legislature is provided a spending limitation allowance of 3.14% growth in General Fund appropriations from FY 05 to FY 06. Total General Fund appropriations for FY 06 under Governor Baldacci’s proposed budget, along with additional education spending provided last week with the enactment of LD 1, is \$2.819 billion, which represents a 4% increase over the FY 05 appropriation as it currently stands (not counting any further adjustments the Legislature may make to the FY 05 budget through a supplemental budget amendment). If the \$78 million appropriation for BETR reimbursements in FY 06 is not moved off line, and remains an appropriation, the increase in appropriations from the General Fund between FY 05 and FY 06 would be 6.63%.

As an additional consideration, however, under the terms of LD 1, the Legislature’s spending limitation would not apply to the state’s additional expenditures for K-12 education until the state share reaches 55% of total state and local costs. That increased expenditure in the

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Legislative Bulletin

A weekly publication of the Maine Municipal Association throughout sessions of the Maine State Legislature.

Subscriptions to the *Bulletin* are available at a rate of \$20 per calendar year. Inquiries regarding subscriptions or opinions expressed in this publication should be addressed to: *Legislative Bulletin*, Maine Municipal Association, 60 Community Drive, Augusta, ME 04330. Tel: 623-8428. Website: www.memun.org

Editorial Staff: Geoffrey Herman, Kate Dufour, Jeff Austin, and Laura Veilleux of the State & Federal Relations staff.

Q & A

LD 1 Corner

Q. When does LD 1 become law?

A. LD 1 was enacted by the Legislature on January 20, 2005. Like any other non-emergency bill, LD 1 becomes operational law 90 days after adjournment of the 1st Regular Session. MMA staff anticipates an effective date around mid-September. That said, municipal officials should be aware that there are several retroactive provisions in LD 1. One of these retroactive provisions applies only to municipalities, school administrative units and counties that have fiscal years beginning on or after July 1, 2005. Another establishes April 1, 2005 as the effective date of the change to the Homestead Exemption and therefore would apply to all municipalities. Although some people have questioned about the legality of these retroactive provisions, MMA's Legal Services staff is advising municipal officials to treat them as legally valid and comply with the established effective dates.

The July 1, 2005 retroactive provision relates to the spending limitation system contained in LD 1. For this year, therefore, adoption of any municipal budget, based on a July/June fiscal year, and all school budgets will be subjected to the spending limitation system (*an explanation of how to calculate a growth allowance and what is required if the budget exceeds the spending limit contained in the Q & A that follows*).

The new Homestead Exemption amount is \$13,000. This exemption applies to all residential property in your community that qualifies for the program. The change that was made two years ago establishing a lower level of exemption for higher valued property is repealed. Other than the increased amount of the exemption, the only difference in the program (from how it was originally set up) is that the State will only be reimbursing municipalities 50% of the revenue lost by the exemption.

Q. Could you explain how to apply the spending limitation system on municipal and school budgets and how

to calculate the growth allowance?

A. First, to re-state the answer given to the previous question, for 2005 the spending limitation system in LD 1 applies only to municipalities with a July/June fiscal year and to all school budgets. The spending limitation will apply to the municipal property tax levy of calendar year communities (and those that fall between January and July 1) next year.

Different spending limitation systems apply to municipalities, schools, and counties. For municipalities, the spending limitation applies to the municipal tax commitment. So, the first thing you need to do is determine what part of the municipal tax commitment applies *only* to the municipal side of the budget. In other words, the spending limitation system determines how much the municipal portion of your property tax commitment (excluding school and county costs and TIF payments) can grow from one year to the next.

For municipalities, the spending limitation system involves a "property tax levy limit" and is established by adding the "average real personal income growth" (a percentage that is based on data from the U.S. Dept. of Commerce, Bureau of Economic Analysis) to the "property growth factor" (a percentage derived by comparing "new value" to total municipal value) in a community.

According to Maine Revenue Services, the "average real personal income" figure that will be used in the spending limitation calculation for 2005 is 2.58%.

The "property growth factor" is more complicated. It is a fraction that compares new value to total municipal value. LD 1 allows communities to use the most current data that is available to determine this percentage. Therefore, those municipalities affected by the spending limitation this year will use assessment data from 2003 and 2004. The task for municipal assessors will be to separate out the value of all property that was taxed for the first time in 2004. If there

was no change other than "new value" between your 2003 municipal assessment and your 2004 municipal assessment, then all you would have to do is simply subtract the '03 value from the '04 value and then create a fraction by placing the "new value" over the total '04 value (*in the next paragraph we do the math*). However, we recognize that the determination of "new value" is not that simple. A question regarding how to determine the "property growth factor" when a community conducts a revaluation or makes other inflationary adjustment to the value, or how you deal with losses and depreciation in your municipal valuation will be answered in a future *Bulletin Q&A*.

Determining Property Growth Factor (assuming no inflationary changes or losses to value): Town X has a 2004 municipal value of \$100 million. The 2003 value was \$98 million. The difference is \$2 million which is then divided by the '04 value of \$100 million resulting in a 2% property growth factor.

The 2% property growth factor is added to the 2.58% personal income growth to establish a property tax levy limit of 4.58%. To stay within the spending limitation, this is the amount your property tax commitment, for municipal purposes, could grow in the FY 06 municipal budget.

For school budgets, the spending limitation system is much simpler because it is tied to the Essential Programs and Services (EPS) funding model. Simply put, a school budget must be at, or under, the 100% EPS figure calculated by the Department of Education in order to stay within its spending limitation. If the school budget (total state & local spending) is over 100% EPS, the legislative body for the school budget will have to go through the process of approving a budget that exceeds the limit (*described below*). NOTE: Municipalities operating their own school system who operate on a calendar fiscal year are required to adopt their school budget under the spending limitation in LD 1, even though the municipal budget is exempt from the spending limitation process until 2006.

Q. If for some reason, our municipality or school must exceed the spend-

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Two Proposed Constitutional Amendments Clear the House

The Select Committee on Property Tax Reform, which was charged with reviewing and making a recommendation on LD 1, also gave “ought to pass” recommendations to the full Legislature on a raft of proposed constitutional amendments that were all designed to address local property tax issues. The common theme of all the proposed constitutional amendments was to shift the property tax burden within each municipality from some property taxpayers to others.

The Legislature is now taking up those proposed constitutional amendments. Based on preliminary voting, some are clearly not going to be supported by the full Legislature, where a 2/3 vote is needed in both chambers to move the proposal out to the voters for a referendum vote in November.

At the same time, two of the proposed constitutional amendments received strong support in the House yesterday.

LD 2 is a proposed change to the Constitution that would authorize the Legislature to create a system whereby the year-to-year change in the taxable value of “homestead land” would be limited according to a formula to be determined at a future date by the Legislature, instead of being assessed according to its “just value”. The proposed constitutional amendment would allow the Legislature to create this new system on a statewide basis or as a local municipal option. The Legislature would be further authorized to require that “certain changes in ownership or use” of the homestead land, once enrolled in the program, would trigger a minimum penalty similar to the existing minimum penalty for withdrawal of land from the Farmland current use program. Finally, the proposed constitutional amendment would require that the “homestead land” special assessment system could not affect the municipality’s state valuation for the purposes of school funding distribution, revenue sharing, county assessments, etc. MMA’s Legislative Policy Committee is opposed to LD 2.

Yesterday’s vote in favor of LD 2 in the House was 121-21, well over the 2/3 vote necessary. The bill is now awaiting action in the Senate.

LD 299 is the so-called “working waterfront” constitutional amendment that would create a new classification of “current use” taxation (in addition to Tree Growth, Open Space and Farmland) pertaining to “waterfront land used for or that supports commercial fishing activities”. This is the same proposed constitutional amendment that was put before the voters in 2000 and was narrowly defeated. MMA’s Legislative Policy Committee voted to support LD 299.

The House vote in support of LD 299 yesterday was unanimous. LD 299 is also awaiting action in the Senate.

STATE BUDGET (cont'd)

proposed budget bill is \$83 million. As adjusted by the terms of LD 1, that additional expenditure for school funding is \$96 million. A reasonable approach would permit the exemption for increased state aid to education, but not count the “deappropriation” related to moving the BETR financing off-line. Under that approach (and including the total amount of school funding authorized by LD 1), the FY 05 to FY 06 increases in total appropriations from the General Fund would appear to fall within the state’s spending limitation allowance.

Suspending a revenue sharing increase. The proposed budget suspends for two more years a slight increase in the Local Government Fund, from which all municipal revenue sharing is distributed. In 2000, the Legislature put into motion an increase to the total municipal revenue sharing fund by directing an additional one-tenth of one percent of all state sales and income tax revenue to be provided for revenue sharing. Specifically, revenue sharing was capitalized with 5.1% of sales and income tax revenue, and the 2000 law increased that share to 5.2% beginning in 2003. In 2003, the Legislature pushed the scheduled increase from 2003 to 2005. Under

this proposal, the change would be pushed-off until 2007. According to projections by Maine Revenue Services, the two-year suspension of the revenue sharing increase adds \$4.8 million over the biennium to the state’s General Fund, which would otherwise accrue to the municipal revenue sharing fund.

Jail Study. The proposed budget earmarks \$300,000 to the Department of Corrections to conduct a study that identifies the costs, benefits, and cost savings associated with alternative approaches to the current system of funding and administering jails and prisons. Specifically, the study is supposed to examine: (1) improved collaboration between state and county government; (2) regionalization opportunities and cost reductions; and (3) consolidation of correctional services under the Department of Corrections. The results of the study and any legislative recommendations are to be reported back to the Legislature by January 1, 2006.

Extend the LURC fee to certain towns and plantations. The previous Legislature created a fee that had to be paid by certain towns and plantations that receive land use control services from the Land Use Regulatory Commission (LURC). This proposed budget would extend those required fee to those communities where a portion of the towns or plantation falls within LURC jurisdiction.

Some of the other major elements of the budget proposal are:

- The “securitization” of Maine State Lottery revenue. Under this proposal, the state would sell projected income of lottery revenues over the next 10 years for \$250 million. The estimated 10-year value of lottery revenues is over \$400 million.

- The “reamortization” of the unfunded liability in the Maine State Retirement System. According to the budget document, the unfunded liability would be erased in 14 years according to the current schedule of repayments. Under the budget proposal, the schedule of retiring the unfunded liability would be extended to 23 years. A review of the budget document suggests the estimated “savings” of this extended pay-off schedule during the biennium is approximately \$150 million.

LPC's Election Bill Gets Hearing

There is good news and bad news to report on one of the bills included in MMA's Legislative Policy Committee's (LPC) 2005-2006 legislative platform. The bill is LD 70, *An Act to Amend the Laws Governing the Funding of State Special Elections*. The good news is that the bill received its public hearing on Wednesday of this week. The bad news is that only four members of the Legal and Veterans Affairs Committee were able to attend. The Committee was much reduced in size because of several absences due members' illnesses and other commitments.

The purpose of LD 70, sponsored by former South Berwick town manager Rep. Richard Brown, is to hold the state financially responsible for any special election scheduled by the state. To meet that goal, the bill simply makes a distinction between a regular election and a special election and holds the state financially responsible for funding the entire cost of special elections.

The proposed change would reduce the financial burden placed on municipalities for funding state required special elections. According to a study conducted by MMA in 1999, it was estimated that municipalities collectively spent \$350,000 to fund a statewide election. Adjusting that figure for inflation, it is estimated that in 2005 municipalities will spend nearly \$400,000 on a statewide election.

The most common state initiated special election is the bond referendum election held in June of any odd-numbered year. If it were not for the action of the Legislature to hold a bond election in a June of an odd-numbered year, there would be no need for the municipalities to hold the June election. Municipal officials believe that if the state cannot wait to schedule a referendum vote until a regularly-scheduled election in November, then the state, rather than the property taxpayers, should pay for the cost.

In addition to MMA, the Committee received written testimony in support of LD 70 from the Maine Town and City Clerks' Association (MTCCA). The clerks support the bill because it would

help to reduce the pressure at the local level to hold unplanned and unbudgeted elections. According to the results of a MTCCA survey, the towns of Bar Harbor, Bath, Cumberland, Lewiston, New Limerick, Portland and Sanford collectively spend \$40,000 to hold special state elections.

Deputy Secretary of State, Julie Flynn, provided the only other testimony on LD 70. In her "neither for nor against" testimony, Flynn raised two concerns that she believes would need to be addressed in order to for the bill to work.

The first issue is to clearly define whether the funding proposal would apply only to referenda elections or to the special elections held to fill state House and Senate vacancies. She raised the issue because while special elections are required to be held to replace the vacancy of a state senator, in the case of a vacancy of a state representative, the decision to hold the election is at the discretion of the municipality. Flynn questioned whether it would be in the best interest of the state to pay for an election that is held at the discretion of the municipal officers.

The second issue raised by Flynn was the need for a clear definition of the expenditures that would be reimbursed to municipalities for holding a state special election, as well as limits on those expenditures. For ease of administration, she suggested that the legislation specify an amount to be reimbursed per municipality rather than allowing municipalities to separately invoice for the costs incurred. Flynn was concerned that an invoice system would result in the need for additional state resources and staff to review and approve payments from 503 invoices.

The response to LD 70 from the remaining members of the Committee was generally noncommittal. One member raised concerns with requiring the state to pay for the election caused by a vacancy in the House or Senate, since filling the vacancy would be in the best interest of the municipalities.

Municipal officials are committed to the goal set in LD 70 and will be closely monitoring the actions of the

Legislature on this bill. The purpose of the bill is to hold the state accountable for paying for the services it requires municipalities to provide. This bill is especially timely now that much of the attention of the Governor's Office, Legislature, business community and media are focused on reducing local spending. LD 70 provides the state with an opportunity to help communities meet that goal, by relieving property taxpayers of the costs of elections that are held outside of the regular election schedule.

LD 1 Impact Maps

On January 18th, MMA posted on its website a map of the state that projected the property tax impacts that could be expected from the implementation of LD 1, the school funding legislation enacted by the Legislature on January 20th. The data that was used to create that map included all the pertinent data that was provided to both the public and the legislative committee that developed LD 1 during December and January.

The final enactment of LD 1 included some changes from the legislation that was developed at the Committee level. Most of those changes pertain to the system of apportioning the local costs of education among the municipalities within a School Administrative District (SAD) or Community School District (CSD). For example, in the final bill SAD 6 and SAD 44 were exempted from the EPS-based cost sharing system and will be allowed to share local costs on the basis of their current, locally-developed cost sharing agreement. The specific impact of "transitional" arrangements for other SADs, which are to be developed or facilitated by the Department of Education, are less clear at this point in time, but can be approximated.

MMA has temporarily taken down the January 18th map from its website for the purpose of taking into account the final enactment of LD 1, including the changes that were made to SAD cost sharing arrangements. The new map, and all the supporting data that will be used to calculate the property tax impact projections on a town-by-town basis, should be reposted on our website within the next few days.

Agriculture, Conservation & Forestry

LD 139 – An Act To Make a Record of Dog Licenses Available On-line. (Sponsored by Sen. Andrews of York Cty., additional cosponsors.)

This bill would require the Department of Agriculture to create and maintain a publicly accessible database of all dog licenses issued in the state, including the name and contact information of the owner of each dog listed.

Criminal Justice & Public Safety

LD 194 – An Act To Restrict Personal Benefit by Public Employees. (Sponsored by Rep. Barstow; additional cosponsors.)

This bill would create a Class E crime for any “public servant” who is found guilty of “illegal personal benefit”, defined as deriving personal benefit or gain from arranging or participating in a private business transaction that uses information derived from the public office in which that person serves.

Legal & Veterans Affairs

LD 265 – An Act To Establish Instant Run-off Voting. (Sponsored by Sen. Strimling of Cumberland Cty.; additional cosponsors.)

This bill would create the instant run-off voting method of determining winners in elections for President, Vice President, United States Senator, United States Representative to Congress, Governor, State Senator and State Representative. The method simulates the ballot counts that would occur if all voters participated in a series of run-off elections and allows a voter to rank candidates according to that voter’s preferences. Each voter has only one vote for each office, and the ballot count is the same as would occur if voters participated in a series of run-off elections, with the weakest candidate eliminated after each round of counting.

Taxation

LD 4 – Resolution, Proposing an Amendment to the Constitution of Maine To Change the Property Valuation Process. (Presented by Rep. Marley of Portland.)

This resolution would send a proposed constitutional amendment to the voters in November 2005 that would repeal the constitutional provision requiring a property revaluation every ten years.

LD 56 – Resolution, Proposing an Amendment to the Constitution of Maine To Facilitate the Repeal of the Taxation of Personal Property Valued at \$1,000 or More. (Sponsored by Rep. Barstow of Gorham; additional cosponsors.)

This resolution would send out to the voters a proposed constitutional amendment that would relieve the state of any obligation to reimburse municipalities for lost revenue associated with newly-created property tax exemptions or “credits” that may be enacted by the Legislature if the municipality has not assessed property taxes on the type of property subject to the exemption or “credit” in the 10 years preceding the enactment of the new exemption.

LD 74 – An Act To Increase the Property Tax Exemption for Veterans. (Sponsored by Rep. Davis of Falmouth; additional cosponsors.)

This bill would increase the property tax exemption provided to veterans from \$5,000 to \$15,000.

LD 75 – An Act To Authorize Municipalities to Give Property Tax Relief to Volunteer Firefighters and Emergency Medical Services Personnel. (Sponsored by Rep. Davis of

Falmouth; additional cosponsors.)

This bill would authorize a municipality to adopt an ordinance that would allow the municipality to reimburse volunteer firefighters and emergency medical services personnel a portion of their property taxes.

LD 179 – An Act To Exempt Alternative Power Systems from Property Taxes. (Sponsored by Rep. Marley of Portland; additional cosponsors.)

This bill would exempt “alternative power systems” from property taxation, including power production systems and installations that utilize fuel cells, tidal power, solar power, wind power, geothermal power-generating systems, hydroelectric power, biomass generators and generators fueled by municipal solid waste.

LD 345 – An Act To Base the Excise Tax on Motor Vehicles on the Purchase Price. (Emergency) (Sponsored by Sen. Bryant of Oxford Cty., additional cosponsors.)

This bill would base the motor vehicle excise tax on the purchase price, rather than the list price, of the motor vehicle.

LD 358 – An Act To Limit Property Tax Abatement for Reasons of Poverty or Infirmary to Applicants’ Residential Property. (Sponsored by Rep. Fletcher of Winslow; additional cosponsors.)

In a case decided in 2004, *Hustus v. Town of Medway*, Maine’s Supreme Judicial Court held that there was no limitation in state law governing eligibility for a property tax abatement for reasons of poverty or infirmity that prevents the issuance of a poverty-based tax abatement to the owner of commercial property. This bill could create that limitation by establishing that a person may be found eligible for a so-called “poverty abatement” only with respect to that person’s primary residential property.

LD 365 – An Act To Provide the Veterans’ Property Tax Exemption to All Veterans. (Sponsored by Sen. Savage of York Cty., additional cosponsors.)

This bill would amend the law governing the veterans’ property tax exemption to provide the \$5,000 exemption to all veterans over the age of 62, rather than just the veterans who served during a federally-recognized war period.

Transportation

LD 39 – An Act To Amend the Definition of Authorized Emergency Vehicle. (Sponsored by Sen. Courtney of York Cty., additional cosponsors.)

This bill would add to the list of defined “emergency vehicles” in state law to include “a vehicle operated by a municipal rescue chief, deputy chief or assistant chief”.

LD 132 – An Act To Amend the Law Governing Construction Flaggers. (Sponsored by Rep. Marley of Portland; additional cosponsor.)

This bill would require all highway flaggers to meet certain minimum training standards. Under current law, the training standards requirement applies only to private contract flaggers providing their services during road construction work.

Utilities & Energy

LD 244 – An Act To Standardize Water Lien Provisions. (Sponsored by Rep. Richardson of Greenville; additional cosponsors.)

This bill would provide that all consumer-owned water utilities, including municipal water departments, have a lien on property served by the utility to secure payment of unpaid rates.

LEGISLATIVE HEARINGS

NOTE: You should check your newspapers for Legal Notices as there may be changes in the hearing schedule. Weekly schedules and supplements are available at the Senate Office at the State House and the Legislature's web site at <http://www.state.me.us/legis/senate/Documents/hearing/ANPHFrame.htm>. If you wish to have updates to the Hearing Schedules e-mailed directly to you, sign up on the ANPH homepage listed above. Work Session schedules and hearing updates are available at the Legislative Information page at <http://janus.state.me.us/legis/session/>.

Monday, January 31

Agriculture, Conservation & Forestry
Room 206, Cross State Office Building, 1:00 p.m.
Tel: 287-1312

LD 139 – An Act To Make a Record of Dog Licenses Available Online. (Sponsored by Sen. Andrews of York Cty., additional cosponsors.)

Appropriations & Financial Affairs
Room 228, State House, 9:00 a.m. (all day)
Tel: 287-1635

Budget Bill (LD number not assigned as yet) – An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2006 and June 30, 2007.

With the Joint Standing Committee on Business, Research & Economic Development.

Criminal Justice & Public Safety
Room 436, State House, 10:00 a.m.
Tel: 287-1133

LD 194 – An Act To Restrict Personal Benefit by Public Employees. (Sponsored by Rep. Barstow; additional cosponsors.)

Legal & Veterans Affairs
Room 437, State House, 1:15 p.m.
Tel: 287-1310

LD 265 – An Act To Establish Instant Run-off Voting. (Sponsored by Sen. Strimling of Cumberland Cty.; additional cosponsors.)

Tuesday, February 1

Appropriations & Financial Affairs
Room 228, State House, 1:30 p.m.
Tel: 287-1635

Budget Bill (LD number not assigned as yet). With the Joint Standing Committee on Natural Resources.

Taxation
Room 127, State House, 1:00 p.m.
Tel: 287-1552

LD 4 – Resolution, Proposing an Amendment to the Constitution of Maine To Change the Property Valuation Process. (Presented by Rep. Marley of Portland.)

LD 74 – An Act To Increase the Property Tax Exemption for Veterans. (Sponsored by Rep. Davis of Falmouth; additional cosponsors.)

LD 75 – An Act To Authorize Municipalities to Give Property Tax Relief to Volunteer Firefighters and Emergency Medical Services

Personnel. (Sponsored by Rep. Davis of Falmouth; additional cosponsors.)

LD 179 – An Act To Exempt Alternative Power Systems from Property Taxes. (Sponsored by Rep. Marley of Portland; additional cosponsors.)

Transportation
Room 126, State House, 1:30 p.m.
Tel: 287-4148

LD 132 – An Act To Amend the Law Governing Construction Flaggers. (Sponsored by Rep. Marley of Portland; additional cosponsor.)

Utilities & Energy
Room 211, Cross State Office Building, 1:30 p.m.
Tel: 287-4143

LD 205 - [POSTPONED] An Act Providing for Regulation of the Cable Television Industry by the Public Utilities Commission. (Sponsored by Rep. Gerzofsky of Brunswick; additional cosponsors.)

Wednesday, February 2

Appropriations & Financial Affairs
Room 228, State House, 9:00 a.m. (all day)
Tel: 287-1635

Budget Bill (LD number not assigned as yet). With the Joint Standing Committee on Education.

Thursday, February 3

Appropriations & Financial Affairs
Room 228, State House, 1:00 p.m.
Tel: 287-1635

Budget Bill (LD number not assigned as yet). With the Joint Standing Committee on Inland Fisheries & Wildlife.

4:00 p.m.

With the Joint Standing Committee on Taxation.

Transportation
Room 126, State House, 1:00 p.m.
Tel: 287-4148

LD 39 – An Act To Amend the Definition of Authorized Emergency Vehicle. (Sponsored by Sen. Courtney of York Cty., additional cosponsors.)

Utilities & Energy
Room 211, Cross State Office Building, 1:30 p.m.
Tel: 287-4143

LD 244 – An Act To Standardize Water Lien Provisions. (Sponsored by Rep. Richardson of Greenville; additional cosponsors.)

Friday, February 4

Appropriations & Financial Affairs
Room 228, State House, 9:00 a.m.
Tel: 287-1635

Budget Bill (LD number not assigned as yet). With the Joint Standing Committee on Education.

1:00 p.m.

With the Joint Standing Committee on Judiciary.

LD 1 CORNER (cont'd)

ing limitation, how do we go about it?

A. For municipalities, the “property tax levy limit” can be exceeded in two ways.

First, there are “extraordinary circumstances”. These include: (1) catastrophic events such as natural disasters, terrorism, fire, war or riot; (2) unfunded or underfunded state or federal mandates; (3) citizen initiatives or other referenda; (4) court orders or decrees; or (5) loss of state or federal funding. The override for an “extraordinary circumstance” uses the same budget adoption processes as outlined in the “general” override discussion below. It differs from the “general” override in that that it does not increase the base of the property tax commitment for the determination of your property tax levy limit for future years.

The “general” process for exceeding the property tax levy limit uses a municipal budget adoption process that

is a slight variation from how budgets are normally adopted. For open town meeting communities, the override must be accomplished with a written ballot vote on a specifically worded article that identifies the municipal legislative body’s intent to exceed the limit. The few communities that have a municipal budget approved by referendum would continue to use the referendum process, with the appropriate article if the proposed budget exceeds the limit. Although the language of LD 1 is not entirely clear on this subject, it would appear that the intention is that if the override is successful, a new property tax levy limit is created.

For municipalities that have a town/city council as its legislative body, the property tax levy limit may be exceeded by a majority vote of all the elected members of that body (i.e., a 7-person council would require 4 votes to exceed the limit). A specifically worded article/resolution acknowledging the intent of the legislative body is also required for

councils.

For town/city councils, there is also the constraint of a “people’s veto”. This will be discussed in more detail in a future *Bulletin Q & A*. The “people’s veto” provision of LD 1 allows a set time frame (30 days) within which the citizens of a community where there is an elected legislative body can petition the council to call a referendum vote on the enacted city (or school) budget.

For schools, exceeding 100% of EPS also requires a written ballot vote in open meeting school budget settings, and a specifically worded article in the school administrative units whose budgets are adopted by referendum or town/city councils. The actual wording of the school override is contained in LD 1.