

## The End Is Near... And That's Not A Bad Thing

With the Appropriations Committee's bipartisan 11-1-1 vote on an amended version of Governor Mills' proposed FY 2020 – FY 2021 Biennial General Fund budget (LD 1001), the Legislature is on course to complete its work and adjourn in the next few weeks.

Although today's edition of the *Legislative Bulletin* will be the last of the 2019 session, years of experience have taught us to expect the unexpected end of session crises. To the extent necessary, MMA staff will inform municipal officials of unanticipated issues through the use of electronic action alerts. In addition, please stay tuned for the August/September edition of the Association's magazine, *Maine Town and City*, for an overview of the session, as well as descriptions of the newly enacted laws.

In the meantime, and in addition to separate articles describing the Association's efforts on the adult use marijuana front and bond hearing scheduled for Monday, June 17, the following descriptions provide updates on municipally relevant legislation that is still in play.

**FY 2020 – FY 2021 General Fund Budget.** Property owners are one step closer to receiving much needed tax relief. As proposed in the appropriators' amended majority budget, which will be debated in the House today, June 14, the amount of state sales and income tax revenues distributed to municipalities through the revenue sharing program will increase from the current 2% to 3% in FY 20 and to 3.75% in FY 21. This change will increase the amount of revenues shared with municipal government partners from \$74 million in FY 19 to \$105 million and then \$143 million over the next two fiscal years.

The Appropriation Committee's version of the budget bill also expands the

value of the homestead exemption benefit from \$20,000 to \$25,000 and provides full reimbursement for the \$5,000 increase by adjusting the state's reimbursement rate from 62.5% to 70%. With changes to the homestead exemption in place, the average homeowner is expected to experience an estimated \$80 reduction in property taxes.

The minority "ought to pass as amended" report also includes the revenue sharing and homestead exemption funding changes described above. The other report is "ought not to pass."

While there are still many steps in the path to enactment, with the near unanimous vote out of committee and Governor Mills' public expression of support for the bipartisan effort, the Association is cautiously optimistic that the bill will be enacted by the necessary two-thirds vote in both the House and Senate.

**Employee Rights.** On Tuesday, the Labor and Housing Committee moved forward to the full Legislature for its consideration LD 1177, *An Act to Improve Public Sector Labor Rela-*

*tions*, sponsored by Sen. Troy Jackson of Aroostook County, which extends existing mandatory compliance with arbitrator's decisions over various employment matters of dispute to disagreements over salaries, pensions and insurance, as well. Currently, decisions on those three labor policies are entirely up to public employers, who must budget for these bigger ticket items, but as amended by committee the decision is left to arbitrators starting on July 1, 2020. The bill is being advanced with the same party-line vote that was cast at the bill's April 1 work session.

The committee also considered LD 900, *An Act To Expand the Rights of Public Employees under the Maine Labor Laws*, sponsored by Rep. Michael Sylvester of Portland, that allows public sector employees to strike and clarifies which employees are too essential to strike under the terms of the bill. The committee has requested that LD 900 be carried over to next year's legislative session for further deliberation.

*(continued on page 2)*

### Thank You.

The Association's advocacy team wants to take this opportunity to thank the members of MMA's Legislative Policy Committee for their guidance, municipal officials for advocating for property tax relief "back at home," all MMA staff, especially members of the Executive, Legal, Education and Communications, Risk Management Services, IT and Central Services Departments for assisting in the Association's advocacy efforts, and the current Administration and Legislature for their commitment to municipally important initiatives.

Last, but certainly not least, MMA thanks Rep. Thom Harnett of Gardiner and Sen. Marianne Moore of Washington County for not only allowing this publication to be distributed directly to the members of the House and Senate on a weekly basis, but for championing municipal government interests.

We greatly appreciate all of your contributions.

### Workers' Compensation Reform.

Of great significance is the fact that on Thursday the Labor Committee quickly convened to unanimously move forward a bipartisan compromise on changes to Maine's Workers' Compensation law. The Association is processing the impacts of the changes that will be made if the compromise version of LD 756, *An Act To Improve the Maine Workers' Compensation Act of 1992*, also sponsored by Rep. Sylvester, is enacted, and will update members at a future date. MMA is also informed that part of this compromise is a commitment to make no further substantive changes to this area of law in the next legislative session.

**Protection from Harm.** LD 1811, *An Act To Enhance Personal and Public Safety by Requiring Evaluations of and Judicial Hearings for Persons in Protective Custody Regarding Risk of Harm and Restricting Access to Dangerous Weapons* sponsored by Sen. Lisa Keim of Oxford County, a compromise bill on restricting access to weapons for individuals who pose a risk to themselves or others, garnered majority support from the Judiciary Committee on Wednesday evening with a 10-2 "ought to pass as amended" vote.

As amended by the committee, individuals deemed by a medical practitioner to be a risk to themselves or others would be required to temporarily surrender their "dangerous weapons" at the request of a

law enforcement official and be prohibited from acquiring additional weapons for 14 days, when a judicial hearing would be held to determine if the prohibition needs to be extended for up to a year. Under the terms of the amendment, law enforcement agencies are required to store and care for the confiscated property until the prohibition period is over, or in the case of unclaimed property for six months after the prohibition has ended.

**Local Option Sales Tax.** Earlier this week, the attempt through LD 1254, *An Act To Authorize a Local Option Sales Tax on Meals and Lodging and Provide Funding To Treat Opioid Use Disorder*, to diversify municipal sources of revenues received support in the House by a margin of 73 to 70. The bill sponsored by Rep. Michael Sylvester of Portland and amended by a majority of the Taxation Committee, would allow, by referendum, communities to adopt a 1% tax on meals

and lodging sales. Of the total revenue generated and after subtracting the costs to the state to administer the local option program, 75% would be returned to the community where the sales were generated and 25% remitted to the Department of Economic and Community Development to fund rural development. The bill's title was also amended to *An Act To Authorize a Local Option Sales Tax on Meals and Lodging and Provide Funding for Maine Rural Development*.

However, on Thursday the Senate rejected passage of the bill and instead moved the "ought not to pass" recommendation.

In response to the Senate's action, the bill was further amended in the House by limiting the local option tax to lodging sales only.

The Senate will now have the opportunity to determine whether to support the newly amended version of LD 1254.

## Quest for Marijuana Money

The Association's effort to enact LD 335, *An Act To Require the State to Distribute 12 Percent of Adult Use Marijuana Retail Sales and Excise Tax Revenue to Generating Municipalities*, sponsored by Rep. Charlotte Warren of Hallowell at the request of MMA's Legislative Policy Committee persists. As this edition goes to print the Maine Senate is set to determine as early as this morning whether or not the towns and cities where millions of dollars' worth of revenue will be generated for the state deserve some portion of those tax revenues. Maine is currently the only state to have legalized marijuana for non-medical purposes without allowing local governments to recoup a reasonable return on their investments.

Based on experiences in the other states that have legalized marijuana for adult use purposes, and from Maine's own experience with medical marijuana operations, the anticipated costs of opting in will include:

- Significant legal fees for guidance and defense against litigation resulting from licensing caps and application

denials;

- Increased risk of fires and power outages as a result of faulty electrical wiring or extraction operations;

- Mold resulting from the moisture created when plants are grown indoors, causing habitability and resale issues;

- Fertilizer runoff that can negatively impact wastewater and stormwater treatment efforts;

- Increased water intake/usage and related demand on infrastructure and water sources;

- Nuisance-level odor and lighting;

- Parking and transportation safety at high traffic operations; and

- General criminal issues such as OUI, theft or burglary.

Since the Association's last report in the May 24 edition of this publication, the House has voted to engross LD 335 as amended by the Taxation Committee, but several senators remain on the fence. The question before them is whether the state would benefit more from 100% of the revenue generated in the nine municipalities currently known to MMA

(continued on page 3)

### 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](http://www.memun.org)

**Editorial Staff:** Kate Dufour, Garrett Corbin, Rebecca Graham and Laura Ellis of the State & Federal Relations staff.

**Layout:** Jaime Clark, of Communication & Educational Services.

# Bond Hearing Scheduled

Next Monday, June 17 at 1:00 p.m. in room 228 of the State House, the Appropriations Committee is holding a marathon public hearing on ten bond bills. The hearings on the bonds will be held in subject matter blocks including: (1) transportation and culverts; (2) commercial infrastructure and research and development; (3) state, local and education infrastructure, and (4) public lands and environment. Participants at the hearing will be asked to sign-up to speak starting at 12:30 p.m., will be limited to three minutes of oral testimony and are asked to bring 20 copies of written testimony.

One of the bond bills on the hearing list is LD 1836, *An Act To Authorize a General Fund Bond Issue for Infrastructure, Economic Development, Workforce Development and Energy and Environment Investment*. The bill, sponsored by Sen. Cathy Breen of Cumberland County on behalf of Governor Mills, would ask the voters to support four separate bond initiatives totaling \$239 million in borrowing. Of municipal interest:

- The \$105 million infrastructure bond proposal found in Part A of the bill includes \$80 million to construct, reconstruct or rehabilitate Priority 1, 2 and 3 state highways, the municipal partnership initiative, and to replace and rehabilitate bridges; \$20 million for facilities or equipment related to ports, harbors, marine transportation, aviation, freight and passenger railroads, transit and bicycle and pedestrian trails; and \$4 million for a competitive grant program that matches local funding for the upgrade of municipal culverts at stream crossings in order to improve fish and wildlife habitats and increase community safety;

- The \$50 million economic development bond proposal found in Part B of the bill includes \$30 million to provide broadband internet service to unserved and underserved areas of the state;

- The \$19 million workforce development bond proposal found in Part C of the bill includes \$5 million to make capital improvements and to purchase equipment for career and technical education centers and regions; and

- The \$65 million energy and environment bond proposal found in Part D of the bill includes \$30 million to fund the Land

for Maine's Future program; \$15 million for the state match on federal superfund sites, uncontrolled hazardous substance site investigation and remediation and response actions at sites with emerging pollutants such as perfluoroalkyl and polyfluoroalkyl substances, at dry-cleaner sites and brownfield sites; \$5 million for wastewater treatment facility planning, construction grants and hydrographic modeling; and \$15 million to purchase solar arrays, high-efficiency ductless heat pumps and modern wood heating systems for building and property owned by municipalities and school administrative units.

Additionally, if the energy and environment bond is adopted by the voters, Part E of the bill creates the Municipal Energy Efficiency and Renewable Energy Program. The program is designed to support municipalities, municipally authorized citizen committees and school administrative units in reducing energy costs, reducing carbon emissions, facilitating the development of renewable energy resources and creating local jobs related to the building of renewable energy facilities and the installation of energy-efficient equipment.

The other bond bills to be heard next week include:

LD 111, *An Act To Authorize a General*

*Fund Bond Issue for Research and Development and Commercialization*

LD 299, *An Act To Assist Schools, Municipalities and Counties Using Emerging Technologies and Energy Alternatives to Fossil Fuels in Heating, Electrical and Other Utility Systems through a General Fund Bond Issue*

LD 535, *An Act To Authorize a General Fund Bond Issue To Invest in Maine's Rail Infrastructure and Expand Passenger Rail Service*

LD 859, *An Act To Authorize a General Fund Bond Issue To Fund Equipment for Career and Technical Education Centers and Regions*

LD 861, *An Act To Authorize a General Fund Bond Issue To Complete the Renovation of a Wharf and Bulkhead in Portland for Marine Research*

LD 911, *An Act To Authorize a General Fund Bond Issue To Promote Land Conservation, Working Waterfronts and Public Lands Access*

LD 923, *An Act To Authorize a General Fund Bond Issue To Improve Culverts*

LD 1093, *An Act To Authorize a General Fund Bond Issue To Invest in Maine's Railroad Infrastructure*

LD 1119, *An Act To Authorize a General Fund Bond Issue To Support Municipal Investments in Energy Efficiency and Renewable Energy*

## Quest for Marijuana Money (cont'd)

to have authorized some or all types of revenue producing adult use marijuana businesses, or 90% of the revenue generated in the many more that are waiting in the wings to opt in if there is an assurance that doing so will not create new costs for local taxpayers. (Although the amended bill provides for a 12 percent return to municipalities, the effective amount received by municipalities will track closer to 10 percent after deductions are made by the state for a health and safety fund and administrative costs).

If enacted, before reaching the Governor's desk this bill will still require approval by the Appropriations Committee as a result of the sizeable deductions to state revenues estimated in a fiscal note that is unfortunately, due to accounting

rules, unable to account for the new amounts of revenue that will be generated by each municipality that opts in. Put another way, there is little question that passing LD 335 will make the state a lot more money than it costs, even if it does not look that way on paper.

In related news, after making some recommended amendments, the Veterans and Legal Affairs Committee on Thursday voted by a strong majority to approve the Maine Office of Marijuana Policy's rules that will, if enacted by the Legislature as is now expected, govern the state's regulation of adult use businesses. Making the rules official before the end of this legislative session should pave the way for the state to begin licensing as early as this autumn.