

Appropriations Committee Finalizes State Budget Recommendation

The Appropriations Committee’s goal was to finalize its recommended two-year budget some time yesterday (June 6). That task was accomplished as dawn broke on Friday.

What follows is the recommendation as it relates to the “municipal package.” This table begins, where applicable, with what current law would provide for each program, followed by what is actually being provided during the current fiscal year, followed by the Democrats’ last-offered plan, the Republicans’ last-offered plan, and then the final decision. The municipal focus will undoubtedly turn to the final revenue sharing proposal, which drops the revenue sharing distribution by over \$30 million a year compared to current status quo, and reduces what is supposed to be 5% of sales and income taxes to less than half that.

Circuitbreaker details. The refundable “property tax fairness credit” would kick-in for the 2013 state income tax

filings submitted in 2014. The credit would be available to filers with incomes up to \$40,000 and the benefit would be 40% of the amount of property taxes (or assumed property taxes in the case of renters) that exceed 10% of income.

Benefits would be capped at \$300 for a qualifying homeowner or renter under the age of 70 and \$400 for applicants 70 years of age or older. For renters, the assumed property tax “benefit base” would be 25% of the gross rent actually paid.

(See chart on pg. 2)

Mandate Watch Update

Articles were published in the previous three editions of the Legislative Bulletin describing several bills that propose to shift additional costs and administrative burdens onto municipalities. What follows is an accounting of the current status of the mandate or “watch” bills of municipal significance still in play at the Legislature, with the exception of the biennial budget (LD 1509) which is described separately. MMA is following these bills closely. Municipal officials are encouraged to contact their legislators if they have concerns or input regarding these bills.

a matter of local government function, the bill implicitly requires the treasurer of the sewer district to appropriately validate and manage the submitted petition. Notwithstanding the new petition management duties, the fiscal note on LD 1342 does not regard this legislation to be a mandate. The House passed this bill to be engrossed on Thursday.

Update: *LD 235 – Firefighters and “Tone-to-Tone” Workers’ Compensation.* This bill expands the Workers’ Compensation law to provide a “rebuttable presumption” that a fire fighter or EMS provider who gets injured after receiving an emergency tone or call was injured in the course of employment, even if the injury occurs at home or some other place entirely outside the control of the municipal employer. The House and Senate passed this bill to be enacted and it is now on the Special Appropriations Table. The fiscal note attached to LD 235 identifies the bill as a potential state unfunded mandate with significant statewide local costs.

LD 961 – An Act To Ensure Safe School Grounds. This bill restricts the use of pesticides on school grounds by

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Budget Line	Current law	Current Status Quo	Democrats' Plan 6/6/13	Republicans' Plan 6/5/13	Final Decision 6/7/13
Municipal revenue sharing	\$138 M (FY 14) \$145 M (FY 15)	\$98 M (FY 14) \$98 M (FY 15)	\$80 M (FY 14) \$58 M (FY 15)	\$70 M (FY 14) \$55 M (FY 15)	\$65 M (FY 14) \$60 M (FY 15)
Homestead exemption	\$10,000 exempt. 50% reimbursed by the state State cost: \$25 M	No change	No change	No change	No change
Circuitbreaker program	Property tax/ rent relief program administered by Maine Revenue Services delivering \$55 M/ year in benefits to low income households	All program benefits must be reduced by 20%, reducing state cost to \$44 M/ year	Created collaboratively (see Republicans' plan)	Repeal existing program and replace with "Property tax fairness credit" within the income tax code. Details below. \$36 M/year in state costs	As described
School funding For FY 2014	\$1.103 billion is 55% of the total cost of K-12 education in the Essential Programs and Services school funding model.	\$910 M (pre-curtailment) \$895 M (post-curtailment) School systems are not obligated to contribute to Teachers' Retirement premium.	\$938 M with school systems required to pay \$29 M "normal cost" teachers' retirement premium.	\$922 M with school systems required to pay \$29 M "normal cost" teachers' retirement premium.	\$938 M with school systems required to pay \$29 M "normal cost" teachers' retirement premium
Revenue to finance plan			Add one cent to the state's general sales tax rate (from 5% to 6%) repealing the increase when the economy improves.	Find necessary revenue by making other cuts to the state budget.	Increase the sales tax general rate by .5% (from 5% to 5.5%, sunseting at the end of the biennium. Increase the meals and lodging sales tax rate from 7% to 8%, also sunseting at the end of FY 15. Review tax expenditures with expectations of future revenue.

allowing their use in limited circumstances. For example, pesticides may be used to control stinging or biting insects but only to control an urgent threat to the health of students or staff. Also, pesticides may be used when the presence of animals or insects have been identified as a public health nuisance by the Department of Health and Human Services or local health officer. Finally, pesticides may be used on athletic fields if there is a 14-day waiting period after application of the pesticides. Because of the limitations on how school grounds can be managed by applied herbicides, compliance with LD 961 has been designated a “significant” statewide mandate. The majority of the Agriculture, Conservation and Forestry Committee voted this bill Ought Not To Pass. Notwithstanding the Committee recommendation, the initial House vote on LD 961 was 84 to 56. The legislation is currently tabled in the Senate.

Update: LD 977 – MUBEC. This bill requires municipalities over 2,000 in population to enforce the Maine Uniform Building and Energy Code and further provides that MUBEC applies in all municipalities in the state regardless of population. Approximately 66 municipalities that have never had building codes before would be required to enforce the MUBEC code under this bill. The fiscal note to the original draft of this bill designates it as an “insignificant” unfunded state mandate, which is not an accurate assessment of its fiscal implications. Despite the designation, the text of LD 977, at least currently, does not contain a mandate “preamble”, which is the only way legislation is formally identified as a mandate before a bill is enacted.

LD 977 has not yet been reported out of the Labor, Commerce, Research and Economic Development Committee.

Update: LD 1133 – *Municipal Employees – All for Cause*. Current law provides that certain municipal employees appointed directly by a board of selectmen are “at will” employees. LD

1133 mandates that all municipal employees are categorized as “for cause” employees and entitled to heightened job protection and due process proceedings in the event of termination from employment. LD 1133 was passed to be engrossed in the Senate by a vote of 20-15. LD 1133’s fiscal note designates this legislation as an unfunded state mandate with a moderate fiscal impact, however the text of LD 1133 does not contain a mandate preamble. The legislation is currently tabled in the House.

“Watch” bills

LD 1154 – An Act To Establish the Maine Length of Service Award Program. This bill establishes the framework for a statewide pension-type “Length of Service Award Program” for volunteer firefighters and emergency medical services personnel, establishing a 7-member Board of Trustees which is charged with administering the program with private financial benefit management companies. Each municipal fire chief would be responsible for posting a list of volunteer firefighters and EMS volunteers working for the municipality that year, providing an opportunity for the list to be challenged, and ultimately submitting a certified list to the trustees. The Program is authorized to collect and invest funds from state government, local governments, municipal fire departments or companies, the federal government and tax revenues collected from the sales of consumer fireworks.

Eligible volunteers vest in the Program after 5 years of service, and receive a pension upon the attainment of 60 years of age or having earned 20 years of service credit before 60 years of age. All contributions to the program, apparently, would be voluntary except for the consumer fireworks sales tax revenue.

LD 1154 has not been reported out of the Labor, Commerce, Research and Economic Development Committee yet. Given its fireworks tax implications, it

is likely to be sent to the Appropriations Committee if given initial approval by both the House and the Senate. Municipal officials generally believe the town or city employees should work directly with their employers to obtain the compensation packages they believe they deserve, rather than creating centralized pension systems administered by third-parties. Aside from logistical issues, there is a real concern with the fairness implications of this legislation, where some municipal employees of long service would be receiving a pension where others are not.

Update: LD 1303 – *Constitutional Amendment Establishing the Right To Hunt and Fish*. As originally drafted, this bill would have created a constitutional right to hunt, fish and trap as part of the state’s tradition in a way that would preempt municipal government from enacting ordinances that might be perceived as interfering with that right (e.g., firearm discharge ordinances, shellfish conservation ordinances, etc.).

The amended version of the proposed resolution changes the Maine Constitution in two ways. First, it amends Article 4 to prohibit legislation instigated by a citizen initiative that would limit hunting and fishing. Second, it amends Article 9 by adding a section declaring the value of “hunting and fishing and the taking of wildlife” to Maine’s heritage, stating it “must be forever preserved and regulated for the public good.”

Proponents of this legislation believe they have preserved municipalities’ ability to pass ordinances relating to hunting and fishing by adding this directive to regulate hunting and fishing for the public good. It is very unclear on the face of it how this constitutional duty to forever preserve and regulate hunting and fishing for the “public good” might play-out in real life.

The Inland Fisheries and Wildlife Committee has not yet released this bill from the Committee’s possession.