

## Filling in the Blanks...

### More on the Governor's Proposed FY 2016 – FY 2017 General Fund Budget

On Monday this week MMA's advocacy staff distributed a memo (<http://goo.gl/TePr3X>) to municipal officials describing the many elements of the Governor's proposed FY 2016 – FY 2017 General Fund biennial budget that impact local government. Since the publication of that memo staff have been gathering additional data and background information necessary to better understand how the proposed policy changes would impact Maine's property taxpayers and the financing of local government services. What follows are updates on four elements of the Governor's proposed budget. MMA's information gathering efforts and further analysis will continue over the next several weeks.

**Comprehensive Tax Reform.** Municipal officials have long advocated for the implementation of a comprehensive tax reform plan focused on balancing the inequities that exist among the three major sources of tax revenue; the state sales tax; state income tax; and the local property tax. Currently, of the nearly \$5 billion generated by the three taxes, the sales tax accounts for 24% of the total, the income tax 32% and the property tax 45%. As envisioned by municipal officials, a balanced tax code would place approximately the same burden on each major tax in the state's arsenal. Each type of tax has its strengths and weaknesses. When one tax source is relied on disproportionately, its weaknesses are amplified. Stability is the property tax's strength. A stark regressivity and unfairness of application due to exemption are the weaknesses of disproportionate reliance on the property tax.

The Governor's tax reform proposal

would clearly shift the burden among the three taxes. Unfortunately, the proposed reductions in income tax rates would be achieved at the expense of the property taxpayers. If enacted as proposed, when the upcoming biennium is concluded, the FY 2018 tax mix would in all likelihood be 20% income tax (generating \$1.0 billion in revenue), 32% sales tax (generating \$1.5 billion in revenue), and 48% property tax (generating \$2.3 billion in revenue). The shift in burden from the income tax to the property tax is displayed quite vividly in the state budget's fiscal note prepared by Richard Rosen, Acting Commissioner of the Department of Administration and Financial Services, and Dr. Michael Allen, Associate Commissioner of Tax Policy, and presented to the jointly convened Appropriations and Taxation Committees

on Wednesday of this week.

According to the fiscal note, over the FY 2016-FY 2017 biennium the proposed sales tax base expansion would generate an additional \$617 million in state revenues. As significant as the increased sales tax revenue would be, it would still not cover the \$723 million in income tax revenue reduction. To balance the \$106 million deficit between aggressive income tax reduction and the proposed sales tax expansion, the Governor proposes maintaining the ongoing raid on the municipal revenue sharing distribution in FY 2016 and then completely repealing revenue sharing in FY 2017. By sustaining the ongoing, severe cut to the revenue sharing program in FY 2016 and subsequently repealing the program altogether, the

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## The State-Municipal Partnership: An Assessment

Governor LePage has put the municipal revenue sharing program on the chopping block for the second time in as many years. Revenue sharing has served as the emblem of a constructive state-local partnership for all of Maine's modern history. Whether the Governor will be successful in eliminating this program remains to be seen. As the saying goes, the Governor proposes but the Legislature disposes. The legislative response to the Governor's proposal will be played out over the next several months and not ultimately decided until the lawns, or perhaps even the hayfields, need to be mowed in late Spring.

In the meantime, we are hoping that

Maine's lawmakers and citizens who think and care about how government works will take the time to read a recently published MMA report entitled "*State-Municipal Partnership Programs: Past, Present and Future.*" The report is being provided to all state legislators and elected municipal officers in an effort to stimulate a dialogue. The municipal perspective is that there are several dimensions to revenue sharing that allow it to serve particularly well as the partnership compact between state and local government. Municipal leaders are interested in learning our lawmakers' view on that subject of partnership. If not

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## Filling in the Blanks (cont'd)

state treasury would “save” \$250 million to fuel additional state government priorities. As a result, the proposed budget would both cover the gap between the deep income tax cuts and less remunerative sales tax expansion, thus balancing the budget in this biennium, and the state would squirrel away an additional \$144 million in revenue sharing funds to cover the reductions in income tax revenues that tail well into the FY 2018 – 2019 biennium.

To be fair, the \$723 million biennial reduction in income tax revenue includes a \$63 million expansion of the Property Tax Fairness Credit, effective January 1, 2016. In summary, the proposed increase to the property tax fairness credit would bring that particular form of property tax relief up to and somewhat beyond the now-repealed Circuit Breaker program, which the special income tax credit replaced in 2013. As proposed in the Governor’s budget, qualifying Maine property taxpayers would be eligible for an income tax credit equal to 100% (up from the current 50%) of the “benefit base” property taxes paid on the taxpayer’s homestead that exceeds 6% of the individual’s income. The “benefit base,” which is the maximum value of the property taxes paid that can be included in the calculation of the credit, would increase from \$2,000 to \$3,000 for single filers, from \$2,600 to \$4,000 for joint filers with no more than two personal exemptions, and from \$3,200 to \$5,000 for joint filers with three or more personal exemptions. The maximum credit is increased from \$600 to \$1,000 for filers under the age of 65, and from \$900 to \$1,500 for filers 65 years of age

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

or older. The income eligibility limits would also be amended. The income limit for single filers would increase from \$33,300 to \$50,000; for joint filers with no more than two personal exemptions, from \$43,000 to \$66,666, and for joint filers with more than two personal exemptions, from \$53,300 to \$83,333.

**Expanding the Property Tax Base – Parts D & E.** In an effort to help mitigate the impacts of the proposed repeal of the revenue sharing program, the budget includes two significant policy changes seeking to expand municipal authority to generate local revenue. One of those proposals shifts from the state to municipalities the authority to tax two-way telecommunications property. The other proposal limits the property tax exemption extended to certain charitable, literary and scientific, fraternal and other non-governmental, non-profit organizations, with churches excluded.

**Telecommunications Property Tax –Part D.** Under current law, the state is the taxing authority for two-way telecommunications personal property. Annually, owners of the property (i.e., telephone companies, broadband service providers, etc.) file a return with Maine Revenue Services (MRS) describing the telecommunications property, its value and the municipality where the property is located. Once the reports are filed, the state assesses a tax based on the mill rate of the community where the property is located.

As proposed by the Governor, on April 1, 2016 that property would become taxable at the local level, thereby shifting \$8.25 million of annual revenue from the state to municipal coffers. It’s clear that the state’s revenue loss is a concomitant gain for municipalities. What is unclear is which municipalities will benefit and by how much. MRS does not compile the telecommunications property tax data on a municipality-by-municipality basis. Instead the data is maintained and managed on an owner-by-owner basis. According to MRS, over 50 telecommunications property owners annually file a return. MRS is in the process of reassembling the data so that municipal impacts can be evaluated. We hope to have an update in the next week’s edition of the *Legislative Bulletin*.

*Limiting Property Tax Exemptions*

– *Part E.* The other proposed expanded municipal property tax base involves privately owned tax exempt property. As proposed, 50% of the aggregate value of a qualifying organization’s exempt property assessed over \$500,000 would become taxable as of April 1, 2016. The exemption limit would not apply to governmental property or churches, which would remain 100% exempt regardless of value. Without contacting each community’s tax assessor, it is difficult to determine precisely which municipalities would derive any revenue from the proposal to partially tax otherwise tax exempt properties. However, according to Commissioner Rosen and Associate Commissioner Allen, a review of the *Municipal Valuation Return Statistical Summary*, in conjunction with a review of the 990 income tax forms filed by nonprofit entities, suggests that approximately 150 communities would generate an estimated \$60 million in property tax revenue if the proposal was adopted. If that is the case, the proposal would have to provide to municipalities over \$4 billion in taxable value. Commissioners Rosen and Allen must have access to special information. On its face, the proposal only offers half that.

Not convinced that there is over \$4 billion in exempt property that would qualify for the limited exemption, MMA staff sent a survey to assessors in communities with the highest concentrations of exempt property. Participants were asked to provide information on the number of exempt parcels that would trigger the tax assessment and the revenue generated if those properties were taxed according to the provisions outlined in the Governor’s proposal.

Twelve municipalities have responded to the survey thus far (see chart on pg 3). The results suggest that the communities that play host to a mix of highly valued, nongovernmental tax exempt properties, including hospitals, private colleges, and nursing facilities, are the only municipalities that break even under the Governor’s proposal to swap taxing authority for revenue sharing.

To begin, it should be pointed out that the current revenue sharing distribution is running at 40% of the level required by law, so the comparisons between

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## Impacts of Tax Exempt Taxation Proposal (Initial Survey Results)

	Revenue from Partial Exemption	FY 2015 Rev Share @ \$62 M	FY 2015 Rev Share @ \$158 M	Partial Exemption vs. \$65 M Rev Share	Partial Exemption vs. \$158 M Rev Share
Augusta	\$ 1,585,128	\$ 1,037,461	\$ 2,702,935	\$ 547,667	\$ (1,117,807)
Bangor	\$ 3,006,485	\$ 2,031,305	\$ 5,292,232	\$ 975,180	\$ (2,285,747)
Biddeford	\$ 1,679,927	\$ 1,173,352	\$ 3,056,976	\$ 506,575	\$ (1,377,050)
Dover-Foxcroft	\$ 260,657	\$ 226,800	\$ 590,889	\$ 33,858	\$ (330,231)
Gorham	\$ 190,314	\$ 696,569	\$ 1,814,797	\$ (506,255)	\$ (1,624,483)
Houlton	\$ 249,240	\$ 364,584	\$ 949,863	\$ (115,344)	\$ (700,623)
Lewiston	\$ 3,659,347	\$ 2,640,868	\$ 6,880,348	\$ 1,018,479	\$ (3,221,001)
Lubec	\$ -	\$ 65,224	\$ 169,931	\$ (65,224)	\$ (169,931)
Paris	\$ 10,407	\$ 218,797	\$ 570,039	\$ (208,390)	\$ (559,632)
Rockport	\$ 303,571	\$ 117,236	\$ 305,440	\$ 186,335	\$ (1,869)
South Portland	\$ 726,092	\$ 1,207,253	\$ 3,145,299	\$ (481,161)	\$ (2,419,207)
Waterville	\$ 1,250,000	\$ 1,049,523	\$ 2,734,360	\$ 200,477	\$ (1,484,360)

revenue generated by taxing tax-exempt property and the decimated revenue sharing distribution are inequitable from the jump. With that said, and as shown in the accompanying table, the taxes assessed on qualifying exempt properties in the City of Lewiston, including two hospitals and a private college, would generate \$3.7 million in tax revenue. The City's share of revenue sharing at the much reduced, 40% distribution level is \$2.6 million, yielding a gain in the current environment. In contrast, the taxes assessed on the qualifying exempt properties in the Town of Gorham, for example, which hosts part of the non-taxable University of Maine system, would generate \$190,314, compared to the \$696,569 Gorham will lose in revenue sharing. The Town of Lubec, with considerable exempt property that would not qualify for any taxation as the proposal is structured, would gain nothing and lose \$65,244 in revenue sharing.

Our original assessment was that approximately 150 of Maine's towns and cities might obtain some revenue out of the Governor's proposal regarding tax exempt properties and nearly 350 towns would not. Based on available data, that would still seem to be the case. In addition, of the potential 150 municipalities given some new tax base under this proposal, only the 60 or so municipalities with hospitals and/or major colleges and/or other major medical very high value cultural exempt properties will obtain

enough tax revenue under the Governor's plan to overcome their lost municipal revenue sharing.

**Homestead Exemption – Part F.** Staying on the topic of property taxpayer relief, the Governor is also proposing to significantly revamp the Homestead Exemption program by doubling the value of the exemption from \$10,000 to \$20,000 (with 50% of the lost tax revenue reimbursed by the state) for Maine homesteaders 65 years old and older, but eliminating the homestead exemption for all homesteaders under the age of 65. If implemented, the state would save nearly \$21 million over the next two years by robbing Peter to pay Paul; \$9 million in FY 2016 and \$12 million in FY 2017.

The state's savings are attributed to the limits proposed to be placed on the pool of eligible Maine resident homeowners, which would take effect on April 1, 2015. MMA staff initially reported that between 175,000 and 200,000 Maine homeowners would become ineligible for property relief provided under the Homestead Exemption program. That estimate was inaccurate. According to Maine Revenue Services, the pool of eligible homesteaders would be reduced to 95,000. As a result, 223,135 Maine homeowners under the age of 65, 70% of the existing beneficiaries, would lose an average of \$140 in annual property tax relief, while homeowners age 65 and older would receive \$280 in property tax relief.

**K-12 Education – Part C.** According to Commissioner Rosen, the state's share of the FY 2016 K-12 education budget as calculated by the Essential Programs and Services school funding model is a flat-funded at \$964 million. However, when comparing the previous year's budget documents, the FY 2016 proposed appropriation is \$20 million larger than the FY 2015 appropriation of nearly \$944 million. It can only be assumed that the additional \$20 million in state aid will be used for educational purposes funded within the much-manipulated EPS model but not included in the distribution of General Purpose Aid to the school districts.

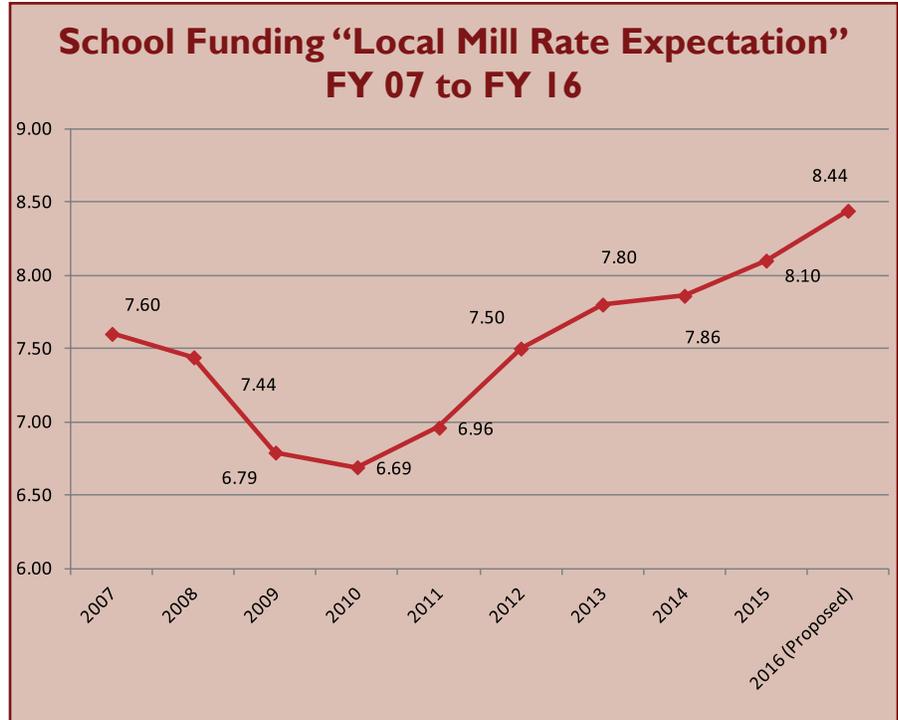
With respect to the required local share of K-12 education costs, property taxpayers will be required to fund an additional \$47.8 million in FY 2016. A portion of the increase is associated with the mandate that municipalities fund the normal cost of teacher retirement, which was shifted from the state government to the local governments in 2013. In FY 2015, municipal property taxpayers funded \$29.8 million in teacher retirement costs. In FY 2016 the mandatory local contributions are projected to climb to \$37.3 million. To put the property taxpayer increases into perspective, the graph on pg 4 tracks the progression of locally required mill rate effort over the last nine years. As shown, since 2010 the required local share of K-12 education

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## Filling in the Blanks (cont'd)

has been growing at a very robust rate.

**Updates to Follow.** Please stay tuned for more information on the Governor's FY 2016–2017 budget proposal. In next week's edition of the Legislative Bulletin we hope to have more detailed information on the impacts of the telecommunications tax, BETR to BETE personal property tax conversion and the welfare and General Assistance program related proposals. In the meantime, municipal officials are urged to assess the impacts of the Governor's budget on their taxpayers and the ability of the community to maintain the delivery of local services. Please take every opportunity to share those impacts with members of the Legislature. It is important that those sent to Augusta to cast a vote on this budget truly understand the impacts at home. If you have any questions, please feel free to call MMA's State and Federal Relations Department at 1-800-452-8786.



## The State-Municipal Partnership (cont'd)

revenue sharing, then what?

For the purposes of the report, a "partnership program" is a state law compelling municipalities to provide specific services for the general good, along with systems established in law to support or supplement those required activities.

Approximately 20 such mandated programs are tracked in the report from their original enactment to the present day. The programs range from the oldest in Maine law (elections, animal control, local public assistance) to the most recent (the BETE tax exemption, school consolidation, mandatory building codes). Over a dozen other municipal services mandated for the general good and originally enacted by Maine's lawmakers sometime between the first and the most recent decade in Maine's history are also evaluated.

The review involves examining the structure and intention of each partnership program when it was first established and evaluating how the Legislature has managed and further developed the program over time. An attempt is made in each case to judge whether the program

under review was created by the Legislature as a true partnership program and been well maintained as such over time or, instead, was created and maintained as a simple unfunded state mandate. In some cases, the program has evolved over time from a partnership program to more of an unfunded state mandate or broken financial commitment. In other cases, the reverse is true and a pure unfunded state mandate has been converted into a functioning state-local collaboration.

If nothing else, the report puts many of these mandates into their interesting historical context, and sheds light on how the wild "bungee cord" swings in state revenue cast off parallel "bungee cord" reverberations with respect to how much the Legislature chooses to authentically partner with its local governments.

From the report's executive summary, four public policy underpinnings are identified that support the municipal revenue sharing program:

- To recognize the role of municipal government in nurturing, supporting and growing local economies, from which all state revenue is derived.
- To mitigate the tax shifts and in-

creased tax rates created by property tax exemptions enacted by the Legislature.

- To implement an obvious goal of the Legislature to reduce the state's overreliance on the property tax to pay for governmental services, particularly in financially stressed communities and those experiencing a high regional demand for services.

- And, to recognize the breadth of the programs and services the towns and cities are required to provide for the general good of the state, and to lend a modest hand with their expense.

All four foundation stones that support the revenue sharing program are important and given treatment in this report. The primary focus, however, is on the issue of relationship, and how the revenue sharing program comes around again and again, in almost every analysis, as the glue that cements the state-municipal partnership.

The State-Municipal Partnership Report has been posted on MMA's website. If you would like to receive a hard copy, please contact Laura Ellis at 1-800-452-8786 or [lellis@memun.org](mailto:lellis@memun.org).

# A Rose By Any Other Name

The Office of Legislative Information has published the list of 1500-plus bill titles submitted to the Revisor's Office to be presented to the Legislature in the upcoming months for consideration. This list is separate from the 120 bills that were previously submitted by the state agencies.

It doesn't make much sense to get too excited about the contents of any bill, one way or the other, just on the basis of its title. It is often the case that a bill's title does not entirely capture the impacts of a bill. More often than not, the printed content of the bill needs to be carefully reviewed before it can be determined if the title was both accurate and complete.

A few of the titles on the long list of bills jog the attention. For the reasons just mentioned, it is not the purpose of this article to suggest that any of the following bills are good or bad from the municipal perspective merely on the basis of their title. Instead, the purpose is only to show the apparently wide diversity in legislative perspectives on many subject matters close to the interests of town and city officials.

For example, one bill is entitled *An Act To Restore Local Control of Education to Towns*. By other bill titles, however, it is not clear that such a goal is universally supported. Those other titles include *An Act To Ban the Use of Pesticides on School Grounds*, and *An Act To Prevent Further Withdrawals from School Administrative Districts and Regional School Units*, and *An Act To Limit the Amount of Money a Municipality May Spend on Education*.

Still on the subject of K-12 education and school-related mandates, one approach in the hopper is *An Act To Remove Past Unfunded Mandates from Maine Education Laws*. The countervailing approaches tend to be more specific. An example would be *An Act To Require Public Schools To Offer Instruction Related to Cardiopulmonary Resuscitation and the Use of an Automated External Defibrillator*.

On the eternal (and interminable) subject of the state's obligation to fund 55% of the cost of K-12 education, one approach seems to be focused on how to get there. It is entitled *Resolve: To Establish a Work Group To Plan the Transition To Funding 55 Percent of Education Costs and 100 Percent of Special Education Costs as Mandated by the Voters at Referendum*. The title of a related bill is less enthusiastic... *An Act To Limit Increases in the State's Share of Funding for Kindergarten to Grade 12 Public Education*.

Municipal "home rule" authority has recently been in the news. Home rule is the open authority provided to the town meetings and town and city councils in Maine's Constitution to adopt charters and ordinances on all local matters not prohibited local jurisdiction by state law. The alternative to home rule, called "Dillon rule," is a system where state government prescribes virtually all municipal activity. Governor LePage in his inaugural address criticized home rule as "too expensive." Many municipal officials would argue just the opposite, that home rule allows the local legislature to craft appropriate solutions and protect against unnecessary expenses. The municipalities in "Dillon rule" states would certainly agree because their centralized state governments, more often than not, enact laws that drive up their expenses. On the basis of bill titles, lawmakers seem split on the home rule topic. One submitted bill is entitled *An Act To Prohibit a Municipality from Holding a Referendum to Legalize the Recreational Use of Marijuana*. An approach seemingly more receptive to the spirit of home rule but dealing with an entirely different subject matter is entitled *An Act To Implement a Local Ballot Referendum for Municipalities To Allow or Disallow Nonprofit Landowners of Large Parcels To Be Tax-exempt*.

The term "consolidation" was also mentioned several times in the Gov-

ernor's inaugural address to explain how municipalities could weather the elimination of municipal revenue sharing by providing their services more collaboratively, as though collaboration is a concept that is somehow foreign to municipal government. One of the shortest bill titles – *An Act To Reverse Jail Consolidation* – summarizes one legislator's recommended remedy for state-imposed consolidation efforts.

The range of legislators' ideas on how to deal with the property tax burden run the gamut. One bill – *An Act To Limit Property Tax Increases* – seems to take the position that property taxes are too high and the only way to control them is to limit how much higher they might get. Another legislator is apparently less fatalistic and submitted *An Act to Reduce Property Taxes*. In Goldilocks' fashion, the middle approach might be the bill entitled *An Act To Maintain Support to Municipalities and Assist with Property Taxes*.

There are always a slew of bills to help municipalities do this or that. A short list includes:

- *An Act To Help Municipalities Prepare for Changes in Sea Level*
- *An Act to Allow Municipalities To Contract with and Dispose of Waste in State-owned Solid Waste Disposal Facilities*
- *An Act To Allow a Municipality To Choose Its Power Provider*
- *An Act To Allow Municipalities To Apply for Efficiency Maine Grants*
- *An Act To Allow Municipalities To Set Up Municipal Utility Districts in Order To Expand Broadband Service Areas*
- *An Act To Allow Large Beverage Containers To Be Recycled through Municipal Solid Waste Systems*

When the bills get printed we will have to see how much help these initiatives actually provide as well as the degree to which state law truly needs to be changed before the proffered assistance can be delivered.

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(The bill summaries are written by MMA staff and are not necessarily the bill's summary statement or an excerpt from that summary statement. During the course of the legislative session, many more bills of municipal interest will be printed than there is space in the *Legislative Bulletin* to describe. Our attempt is to provide a description of what would appear to be the bills of most significance to local government, but we would advise municipal officials to also review the comprehensive list of LDs of municipal interest that can be found on MMA's website, [www.memun.org](http://www.memun.org).)

### Appropriations & Financial Affairs

LD 2 – An Act To Authorize a General Fund Bond Issue for the Purchase and Development of the Bar Harbor Ferry Terminal as a Multimodal Transportation Facility. (Sponsored by Rep. Hubbell of Bar Harbor; additional cosponsor.)

This bill sends out to the voters a proposed \$5 million bond issue for the purpose of purchasing the Bar Harbor Ferry Terminal from Canada and developing the facility as a multimodal transportation facility.

LD 60 – An Act To Ensure Proper Funding for Teacher Retirement. (Sponsored by Rep. Kumiega of Deer Isle; additional cosponsors.)

This bill repeals the provisions in school funding law enacted in 2013 that shifted the obligation to pay the “normal cost” teachers' retirement premium from the state government to the local public school systems.

LD 68 – An Act To Authorize a General Fund Bond Issue To Attract Business by Investing in High-speed Broadband Infrastructure. (Sponsored by Rep. Campbell of Newfield; additional cosponsors.)

This bill provides for a bond issue in the amount of \$10 million to be used to expand high-speed municipal broadband infrastructure. The bill also establishes the High-speed Municipal Broadband Infrastructure Fund to assist municipalities in developing and improving their broadband infrastructure, contingent on voter approval of the bond issue.

### Criminal Justice & Public Safety

LD 62 – An Act To Require Notice to Municipal Officers of Violations of Emergency Medical Services Law and Rule. (Sponsored by Rep. Gerrish of Lebanon; additional cosponsors.)

This bill requires the Emergency Medical Services Board to notify the municipal officers whenever the Board investigates or takes action with regard to a violation of law or rule in connection with the provision of emergency medical services within the municipality.

### Education & Cultural Affairs

LD 3 – An Act To Ensure Consistent Certification of Graduation Standards in Publicly Funded Secondary Schools. (Emergency) (Sponsored by Rep. Hubbell of Bar Harbor)

Current law requires all public schools and private schools with 60% or more publicly funded students to graduate students that have demonstrated proficiency in the system of learning results, a requirement often referred to as “proficiency-based diplomas.” This bill would apply that requirement to public charter schools, as well.

LD 19 – An Act Regarding Special Education for Students Enrolled in a Home Instruction Program. (Sponsored by Rep. Espling of New Gloucester; additional cosponsors.)

This bill provides that a home schooled student is eligible for special education services in the same manner as students enrolled in private schools who meet the standards for receiving those services under federal law.

LD 56 – An Act To Limit Increases in the State's Share of Funding for Kindergarten to Grade 12 Public Education. (Sponsored by Rep. Theriault of China; additional cosponsors.)

This bill establishes a limit on the year-to-year growth of the state

share of public K-12 education once the state share reaches 55% of the total cost. Under the bill, the year-to-year growth of the state share at that point could be no more than the most recent percentage of annual increase in the Consumer Price Index.

LD 65 – An Act To Apply Equally a Curtailment or Other Loss in General Purpose Aid to Education. (Sponsored by Rep. Tuell of East Machias; additional cosponsors.)

This bill allows a school system to reduce the tuition it pays to another public or private school by the same percentage that the school system's General Purpose Aid subsidy may be reduced after being finally established, such as in the case of a Governor's curtailment.

### Environment & Natural Resources

LD 40 – An Act To Protect Maine's Great Ponds. (Sponsored by Sen. Saviello of Franklin Cty; additional cosponsors.)

Under the general laws governing the protection of waterbodies from pollution and not expressly pursuant to the shoreland zoning program, this bill prohibits the application of fertilizers within 50 feet of the normal high-water line of a great pond. Exceptions are provided for agricultural applications as long as established best management practices are followed, and applications for the purpose of establishing or restoring shoreland vegetation if recommended by qualified professionals.

LD 70 – An Act To Assist Towns in Eradicating Milfoil and Other Invasive Aquatic Plants and Nuisance Species. (Emergency) (Sponsored by Rep. Fredette of Newport.)

This emergency bill appropriates \$900,000 for each year of the FY 2016-2017 biennium to supplement the resources in the Invasive Aquatic Plant and Nuisance Species Fund administered by the Department of Environmental Protection (DEP). The bill also appropriates \$225,000 for each year of the biennium to supplement the resources in the Lake and River Protection Fund, administered by the Department of Inland Fisheries and Wildlife. The purpose of both appropriations is to expand the ability of each department to engage in activities relating to the containment, eradication and management of the spread of invasive aquatic plants and to assist municipalities and other entities in accomplishing those goals.

### Inland Fisheries & Wildlife

LD 22 – An Act To Require Removal of Mooring Equipment. (Sponsored by Rep. Shaw of Standish; additional cosponsors.)

This bill requires the removal of mooring equipment protruding above the surface of great ponds on or before December 1<sup>st</sup> of each year.

### Insurance & Financial Services

LD 24 – An Act To Create a Public State Bank. (Sponsored by Rep. Russell of Portland; additional cosponsor.)

This bill authorizes the creation of the Maine State Bank as an instrumentality of the state. The purposes of the state bank are to support job creation and economic development, provide stability to the state's financial sector, reduce costs paid by the state for banking services and return the bank's profits to the state's budget stabilization fund. The bill details the formation of the bank's Board of Directors as well as its Advisory Committee, and specifies its various powers. The bank could become effective under this bill by July 1, 2017 provided it has capital of at least \$20 million. The bill also authorizes the creation of public banks by the state's municipalities and counties.

### Judiciary

LD 25 – An Act To Protect the Privacy of Citizens from Domestic Unmanned Aerial Vehicle Uses. (Sponsored by Rep. Russell of Portland; additional cosponsor.)

This bill restricts the use of unmanned aerial vehicles, or “drones”, by law enforcement agencies. The bill prohibits the use of drones by

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law enforcement agencies except in response to an emergency situation (national security, a threat to state or local security, or a threat to life or safety of individuals) until July 1, 2017. After that date, drones may be used by law enforcement agencies provided their acquisition has been approved by the governing body of the governmental unit which the agency serves, and further provided the use of the drone is:

- Pursuant to an emergency enforcement or administrative investigation,
- To collect information about a person or a person's property if the person has given consent,
- Pursuant to a warrant, or
- Pursuant to a specific court order.

The use of drones is also generally allowed to investigate and respond to natural disasters, monitor the status of dams and flood control systems, conduct certain surveys, aid in weather forecasting, or conduct search and rescue activities.

**LD 58 – An Act To Require Transparency of the Ownership of All Companies Providing Funds To Build Infrastructure for Development Purposes.** (Sponsored by Rep. Longstaff of Waterville; additional cosponsors.)

This bill requires a private entity entering into an agreement with a Maine governmental entity to construct infrastructure for development purposes to provide complete information about the private entity's ownership for immediate release to the public.

### State & Local Government

**LD 46 – An Act To Allow Municipal Boards of Appeal To Grant Setback Variances for Certain Hardships Caused by Prior Owners of the Property.** (Sponsored by Rep. Verow of Brewer; additional cosponsors.)

One of the current "undue hardship" standards governing the actions of a municipal Board of Appeals when considering granting a variance to setback standards in a local land use ordinance is that the hardship is not the result of action taken by the applicant for the variance or a prior owner. This bill amends that standard to strike the reference to the actions of a prior owner, thus allowing the finding of a hardship on the basis of actions of a former owner.

**LD 67 – An Act To Amend the Law Regarding the Annual Municipal Report Requirement.** (Sponsored by Rep. Verow of Brewer; additional cosponsors.)

This bill amends the law regarding mandatory elements of a municipality's annual report by allowing a summary of all financial transactions in lieu of a record of all financial transactions, making the listing of delinquent taxpayers and engineering and surveying reports regarding the municipal boundaries optional, and repealing the penalty for a municipal official who refuses or neglects to perform a duty related to annual reporting.

### Taxation

**LD 29 – An Act To Establish a Local Option Real Estate Transfer Tax.** (Sponsored by Rep. Goode of Bangor; additional cosponsor.)

This bill establishes a local option real estate transfer tax. The local option tax must be approved by the municipal voters at referendum with a quorum requirement of at least 20% of the number of voters participating in the more recent gubernatorial election. The tax rate on real estate transactions that may be locally imposed is up to 1% of the value of the eligible property being transferred, and would be applied and collected in addition to the real estate transfer tax imposed on the buyer and seller pursuant to state law.

**LD 48 – An Act To Reduce Registration Fees and Excise Taxes for For-hire Vehicles with Adaptive Equipment Enabling Access by Persons with Disabilities.** (Sponsored by Rep. Verow of Brewer; additional cosponsors.)

Current law exempts from the motor vehicle excise tax the adaptive

equipment installed in a passenger motor vehicle owned by a disabled person or the family of a disabled person. This bill would expand that exemption to cover adaptive equipment installed in motor vehicles by carriers engaged in furnishing passenger service for hire.

**LD 49 – An Act To Exempt from Excise Tax Certain Vehicles Used by Persons with a Disability.** (Sponsored by Rep. Verow of Brewer; additional cosponsors.)

Current law exempts from the motor vehicle excise tax the adaptive equipment installed in a passenger motor vehicle owned by a disabled person or the family of a disabled person. This bill expands that exemption by exempting the entire vehicle from the motor vehicle excise tax if it is owned and designed for use by a person with a disability who has been issued a disability plate or placard.

**LD 64 – An Act To Reduce the Time within Which a Challenge to a Tax Lien Foreclosure May Be Filed.** (Sponsored by Rep. Verow of Brewer; additional cosponsors.)

Under current law, a person may not commence an action against the validity of a governmental taking of real estate for nonpayment of property taxes upon the expiration of a 5-year period immediately following the expiration of the period of redemption. This bill reduces the period of time within which such an action may be taken to 3 years.

**LD 76 – An Act To Amend the Property Tax Fairness Credit.** (Sponsored by Sen. Libby of Androscoggin Cty; additional cosponsors.)

This bill amends the property tax fairness credit that is part of the state's income tax code by increasing the maximum benefits. For beneficiaries under 65 years of age, the maximum benefit is increased from \$600 to \$900. For beneficiaries 65 years of age or older, the maximum benefit is increased from \$900 to \$1,200.

**LD 94 – An Act To Base the Excise Tax on the Purchase of a Motor Vehicle on the Price Paid.** (Sponsored by Rep. Sirocki of Scarborough; additional cosponsors.)

Since the motor vehicle excise tax was first established in 1929, the excise tax rates have been applied to the automobile manufacturers' list price. This bill would require the rates to be applied to the actual purchase price based on the initial bill of sale or state sales tax document. With respect to the sale of used vehicles where the initial sales price was unavailable, the list price would be used. The bill further requires the municipalities to be reimbursed for any lost excise tax revenue under this system.

### Transportation

**LD 28 – An Act To Return Fifty Percent of the Fine for a Violation of the Motor Vehicle Laws to the Municipality in Which the Violation Occurred.** (Sponsored by Rep. Short of Pittsfield; additional cosponsors.)

This bill provides that 50% of any fine imposed for a violation of motor vehicle operation laws be remitted to the municipality in which the violation occurred provided the summons that resulted in the fine or forfeiture was issued by the municipality's law enforcement agency.

**LD 78 – An Act Regarding Limitations on Certain Storm Water Fees.** (Sponsored by Sen. Libby of Androscoggin Cty; additional cosponsors.)

A law enacted in 2007 exempted the Maine Turnpike Authority and the Maine Department of Transportation from any stormwater management fees imposed by municipal ordinance on the owners of property containing significant amounts of impervious area. This bill repeals that exemption.