

“Gang of Eleven” Lays Out Comprehensive Tax Reform

This is Not the Knock-off Version of 2009

The accompanying article describes the Taxation Committee’s task of cobbling together a three-dimensional tax restructuring proposal out of the many one-dimensional tax structure bills submitted this session.

In contrast, another bipartisan group of legislators working outside the limelight has been crafting an undeniably multidimensional comprehensive tax reform proposal. That proposal came blinking into the sunshine on Wednesday this week, when it was unveiled in a press conference. The proposal has now been printed as LD 1496, *An Act to Modernize and Simplify the Tax Code*.

If it had to be crammed into a nutshell, it is a plan to create a tax code designed for a “destination” state, noted for its attraction to visitors, and interested in nurturing more Maine residency, both for businesses and full-time homeowners. The significantly restructured tax system has some distinct Floridian elements. In its earlier iterations, it was called “*An Act to Encourage Maine Residence*.” Whether you agree with that goal or not, to be able to point to an articulated statement of policy guiding the development of the state’s tax code is stunningly refreshing. A strong foundation, a clear purpose, a modern recognition of Maine’s unique characteristics... all of that is entirely absent from the state’s current tax code, which has become a garden so seriously overgrown with weeds, the vegetables are all growing stunted.

The following quick summary doesn’t do justice to all the details that will be associated with this tax reform proposal, but the three big moving parts

are:

- Income tax reductions, and the development of an income tax code that could not be made any simpler.
- A significant sales tax base expansion, along with more incremental increases to various sales tax rates.
- And a restructuring of the way property tax relief resources are provided to local governments and the property taxpayers that support local government.

Income Tax Reductions. The proposed income tax reductions are simply stated. Instead of the current three-bracket (zero percent, 6.5% and 7.95%) income

tax structure that kicked-in on Jan. 1, Maine would go to a flat 4% income tax structure. A zero percent bracket at very low income levels would still exist, and then all income would be taxed at a flat 4% rate. Almost all income tax exemptions would be abolished, but two “refundable” income tax credits would be created, available only to Maine residents. A refundable credit is provided to the taxpayer even to the extent it exceeds the homeowner’s income tax obligation.

One of the resident-only credits, designed to provide “sales tax fairness,” is worth up to \$2,000 depending on the household’s make-up. This credit is automatically applied against the tax obligation with a refundable value up to \$1,000. Phasing out at higher income levels, this credit recognizes the exposure that

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Taxation Committee’s Version of “Chopped”

The Taxation Committee has heard a cluster of bills over the last two weeks that in one way or another propose, or at least invite, major structural changes to the state’s tax code. It is like a television cooking show where the several contestants are given a few disparate ingredients and a short period of time to whip up a masterpiece. In this case, the tax panel has been given a chiffon of goose liver, a dozen persimmons, a bag of fiddleheads and quart of sheep’s milk and asked to deliver a quality tax restructuring product, with the clock ticking.

The Committee is holding a work session today (May 3) that may offer some insight into the key elements of the Committee’s approach to the revenue side of the state budget issue.

The bills presented to the Taxation

Committee fall into four general categories:

- Income tax restructuring.
- Sales tax restructuring at the state level.
- Local option sales taxes.
- And, review and possible reconsideration of wide ranging tax exemptions.

Tax expenditures. No fewer than five bills were presented to the Committee that would re-engage the Legislature in the task of reviewing the effectiveness and cost-effectiveness of the state’s “tax expenditures”, which is another word for tax exemptions. A “tax expenditure” is more precisely defined in statute as “*any provision of state law that results in the reduction of tax revenue due to special exclusions, exemptions, deductions,*

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lower-income Maine residents would have to the expanded sales tax base (see below). The other “property tax fairness credit” is worth up to \$1,000 and recognizes the exposure some lower-income Maine residents have to especially high property taxes. The property tax fairness credit is an amended version of the current Circuitbreaker property tax and rent rebate program, but folded into the income tax code.

The other two major changes to the state’s income tax code under this plan are the elimination of Maine’s estate tax, which is currently applied to the value of estates exceeding \$2 million in value, and a reduction of the corporate income tax rate from 8.93% to 7.5%.

Sales Tax Base Expansion and Rate Increases. To cover the lost revenue associated with these income tax reductions, the tax reform plan would significantly expand the sales tax base by eliminating exemptions so that almost all consumer purchases would be subject to the sales tax, with the exception of purchases for health care and education. Even though the economy in Maine and the nation has long since transformed into (and beyond) a service-based economy, the state’s current sales tax base largely ignores “services” (e.g., accountants’ services, legal services, real estate services, etc.), and has generally stayed entirely away from the retail purchases in the “necessities” category, such as groceries. This proposal would open the sales tax base up to both types of consumer purchases, but as indicated above, would temper for Maine residents the exposure to the expanded sales tax base by means of the sales tax-related income tax credit.

LD 1496 would also adjust upwards many of the sales tax rates and the excise tax rates that are applied at the wholesale level to tobacco, beer and wine. The general merchandise sales tax rate would go from 5% to 6%. The sales tax rate on lodging would go from 7% to 10%, and the increase for meals would go from 7% to 8%. The sales tax rate on short-term car rentals would climb from 10% to 15%. In the area of excise taxes, the cigarette/tobacco tax would nearly double, from \$2.00 a pack to \$3.50, and the beer/wine excise tax would be doubled.

In recognition of some of the administrative impacts of these sweeping changes, retailers subject to the collection of sales taxes would be allowed to retain a half-percent of all sales taxes collected to cover administrative costs. The state’s tourism promotion fund would be increased by \$3 million annually.

Finally in this category, the real estate transfer tax, which is currently applied to the selling price of real estate at the rate of \$4.40/\$1,000 would increase in a graduated way, depending on the value of the real estate transaction, to a maximum of \$10/\$1,000, split between buyer and seller, for homes that exceed \$1 million in value.

Property Tax Relief Restructuring. The “property tax reform” element of the tax restructuring plan is grounded in the belief that the most efficient way to deliver property tax relief is to target relief to Maine’s residents, and the most administratively efficient way to deliver that targeted relief is through the homestead property tax exemption. Therefore, LD 1496 puts much greater state financial support behind the homestead exemption than current law, and backs-off on the state’s level of financial support for the revenue sharing program.

Homestead. The homestead exemption, which is currently provided at the value of \$10,000 with 50% of the lost municipal tax revenue reimbursed by the state, would be increased under this plan to 50% of each homestead’s assessed value, up to \$50,000, also with 50% state reimbursement for the municipality’s lost tax revenue. Perhaps not coincidentally, Florida’s homestead exemption is also at the \$50,000 level. LD 1496 apparently recognizes that a flat \$50,000 homestead exemption would take a substantial number of homeowners nearly or entirely off the tax rolls, particularly in some regions of the state. As will be seen below with respect to tax exempt institutions, this legislation has a theme running through it that everyone should have at least some skin in the game.

Revenue sharing. The state reimbursement necessary to cover 50% of a \$50,000 homestead exemption increases the constitutionally required

state reimbursement obligations to the municipalities by five-fold. The state’s increased exposure to that obligation results in less state revenue being available to support the existing municipal revenue sharing program. Put another way, a transference is occurring in LD 1496 from a system of generalized property tax relief through revenue sharing to more targeted property tax relief through the homestead exemption. Under current law, 5% of all sales and income tax revenue is distributed to all the towns and cities through the revenue sharing formula. Under LD 1496, 30% of that amount, or 1.5% of state sales and income taxes, would be distributed to the towns and cities that have a full value property tax rate that exceeds the statewide average. Approximately half the towns and cities in Maine would no longer be eligible to receive municipal revenue sharing. The homestead property tax exemption would be the primary form of state supported property tax relief.

Exempt institutions. The “every oar in the water” theme reappears in this tax reform plan with respect to nongovernmental institutions that currently enjoy a 100% exemption from property taxation. No change is being proposed to the tax exempt status of church property or parsonages, and the first \$250,000 of property owned by all other nongovernmental exempt institutions would also be entirely exempt from taxation. After that \$250,000 tax-free threshold, however, the exempt institution would only be eligible for a 75% exemption.

2-way Telecommunications Personality. The last property tax-related piece in LD 1496 gives over to the municipal tax base the “two-way, interactive” telecommunications personal property that has been subject to state-level property tax administration for several decades. Municipalities have always had tax jurisdiction over one-way, non-interactive telecommunications property, such as cable television lines and television satellite dishes bolted onto the sides of houses, but the state has tax jurisdiction over the personal property that is connected with telephone and Internet systems, including the equipment that is

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bolted onto the cell phone towers that are sprouting up ubiquitously over the landscape. This bill would bequeath all of that equipment over to the municipal assessment rolls. There is apparently somewhat less than \$1 billion of this type of personal property in the state, because the earlier drafts of this tax plan suggest that it would yield approximately \$10 million in tax revenue, in aggregate, to the various municipalities where it is located.

Next Steps. It is our understanding that the public hearing on LD 1496 may be scheduled as early as the week of May 13, fast-tracked because there are only two months left in this legislative session and working through the impacts of this proposal will take a serious dedication of time and effort. In the meantime, MMA’s Legislative Policy Committee has formed a working group to drill down into the depths of this tax reform proposal and evaluate the impacts on municipalities of every type throughout the state. Our goal at the State and Federal Relations Department is to develop a sufficiently competent model of the impacts of this proposal on the towns and cities throughout Maine, and on the taxpayers in those communities both on the business and residential side, so that our Policy Committee can reach a determination of the Association’s position on LD 1496 by the time of the public hearing.

Legislative Bulletin

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

credits, preferential rates or deferral of tax liability.”

Four of these bills propose periodic review of all tax expenditures by the Taxation Committee or a one-time review by a special task force, again with the goal of regularly testing the efficacy of these tax breaks. Are the tax exemptions delivering the benefits to the general public or Maine’s economy that were intended when they were created? One of these bills suggests the development of a process that would more accountably budget for these “expenditures,” or even establish a cap on the value of all expenditures. The task-force version within this sub-cluster of bills charges a working group to identify \$30 million in targeted savings associated with the tax breaks that deserve to be broken.

The fifth bill in the “tax expenditure” category is focused on the two programs that either reimburse business owners for the personal property taxes they pay on business equipment and machinery or exempt those taxes altogether. LD 317, *An Act Regarding the Business Equipment Tax Reimbursement Program and the Business Equipment Tax Exemption Program*, was presented to the Tax Committee on Monday this week by its sponsor, Rep. Nate Libby of Lewiston. LD 317 directs a study of the BETR/BETE programs with the goal of measuring the extent to which they meet their identified purposes.

Unfortunately, there are no identified purposes, which may be one of the issues that LD 317 is trying to reach. Neither the BETR nor the BETE programs have clear purposes that are identified in statute. There was the time when the Legislature identified its policy positions that formed the basis of structural changes to the state’s tax code as a way to provide ongoing guidance or a compass. The several “findings” that support the municipal revenue sharing program provide a good example. That practice has gone out of style, however, and almost all of the state’s tax code is currently without a rudder.

Income tax restructuring. Another five bills presented to the Legislature over the last two weeks would restructure the state’s income tax. Generally, those bills reinstate the highest marginal income tax

rate at the 8.5% level, where it was on Dec. 31, 2012, before it dropped to 7.95% as a result of an income tax reduction measure adopted by the Legislature in 2011. That income tax reduction legislation had more moving parts than a simple top-rate reduction, but the general theme of this cluster of bills is to reverse the budgetary impact that the revenue-cutting measure incurred.

Sales tax restructuring. Not to be outdone, another five bills are in the Committee’s possession proposing to restructure the state’s sales tax system. Four of those five bills keep the sales tax base exactly where it is, and propose adjustments only to the rates. One bill dramatically increases the sales tax rate for lodging from 7% to 12%. Another more modestly increases the lodging sales tax to 9%, and similarly increases the sales tax rate for alcohol served for on-premise consumption from 7% to 9%. Two other sales tax bills increase the 5% sales tax rate on general merchandise, dedicating the increased revenue for specific purposes, in one case to fully honor the revenue sharing distribution and in another case to move the state share of school funding to the 55% standard.

The most outside-the-lines sales tax proposal in the Committee’s possession would simultaneously eliminate the state income tax and almost all sales tax exemptions, making consumption taxes rather than income taxes the primary source of state governmental revenue.

Local option sales taxes. Two local option sales tax bills have been presented to the Committee. One of those measures would allow a municipality, by referendum vote, to impose a local sales tax of up to 5% that would piggy-back on the state’s sales tax on general merchandise. The other would allow a municipality to impose a local option meals and lodging tax of up to 2%. Representatives of car dealers, restaurant owners, innkeepers, campground owners, and the tourism industry spent many hours before the Taxation Committee this past week testifying in opposition to the very concept of local option.

It is from this mix, and the fertile imaginations of the Taxation panelists, that a revenue plan may begin to emerge in Room 127 of the State House.

Municipal Control of Street Lights

Could the third time be the charm?

The Energy, Utilities and Technology Committee held a public hearing on Thursday on LD 1251, *An Act To Lower Costs to Municipalities and Reduce Energy Consumption through Increased Competition in the Municipal Street Light Market*, sponsored by Representative Mary Nelson of Falmouth. This legislation represents the third attempt since 2005 to wrest control of street lights from utilities in order to enable municipalities to explore additional, more efficient lighting technology options. MMA's Legislative Policy Committee voted to support this bill because it promises to reduce municipalities' lighting costs while enhancing the right of towns and cities to choose the street lighting program that works best for them.

LD 1251 was carefully designed to address concerns raised in prior legislation. Currently, a municipality enters into 15-year contracts with a utility provider to lease space and street lights on utility-owned poles. Under the terms of the contract, the utility is required to install and maintain the street lights. LD 1251 would change that by requiring electricity transmission and distribution utilities to provide three options for municipal street lighting programs: the "utility-provided services" option, the "municipally owned, utility-installed" option, or the "municipally owned, installed and maintained" option.

The "utility-provided services" option: This approach allows the transmission and distribution utility to provide all of the components of the lighting system, including the installation on the utility poles and maintenance, and provides electricity delivery to the lighting system from a power vendor selected by the municipality.

The "municipally owned, utility-installed" option: In this case, the transmission and distribution utility installs all of the components of the street lighting hardware as selected, purchased and owned by the municipality on the utility poles. The poles themselves are owned by or under contractual management of the transmission and distribution utility, and the utility connects the light to the power source on the pole.

The "municipally owned, installed

and maintained" option: Here, the transmission and distribution utility connects to the power lines a fixture owned and installed by the municipality or its contractor on a pole owned or under the contractual management of the transmission and distribution utility.

Rep. Nelson's testimony was followed by nine additional supporters.

George Woodbury, a consultant who has helped design all three iterations of this legislation in other states, provided technical yet strong testimony, both anticipating and rebutting points made by opponents before they were even made.

Falmouth Town Manager Nathan Poore was also a very strong advocate, providing a clear explanation of why this legislation makes much more sense than the current system while highlighting the drawbacks of the current 15-year lease approach based on his experience as Town Manager in both Kennebunkport and Falmouth.

MMA's testimony emphasized how LD 1251 promises savings at a time when municipalities have been charged with doing everything they can to find savings. Rockland City Councilor Larry Pritchett then forcefully detailed exactly what this legislation would mean for Rockland in real dollars.

A lengthy recess by the Committee to deal with another matter kept Tex Haeuser, Director of Planning and Economic Development for the City of South Portland and Legislative Policy Committee Chair for the Maine Association of Planners, from being able to testify due to other obligations, but Committee Chair Rep. Barry Hobbins of Saco noted the usefulness of his written testimony.

The final member of the "street light team" to testify was Angela Blanchette, Saco's City Engineer, who discussed the significant financial impact current street light leases have on Saco. Maine Public Advocate Richard Davies also supported the bill, noting it corrects the issues that caused the PUC to oppose the legislation advanced in 2011.

This testimony was unexpectedly followed by support from two environmental groups, the Natural Resources

Council of Maine and Maine Chapter of the Sierra Club, as well as the Industrial Energy Consumers Group (IECG). Odd bed fellows, perhaps, but welcome. The environmental testimony focused on the energy efficiency positives of LD 1251, while the IECG testimony discussed the potential benefit of adding competition to an area where a monopoly has plainly not made sense.

Central Maine Power's Director of Public Affairs, David Allen, opposed the bill, along with Jim Cohen of Verrill Dana on behalf of Maine Public Service Company (line workers) and Bangor Hydro Electric Company. Each drew attention to the length of LD 1251 and the amount of detail, which they viewed as excessive. Ironically, the 2011 version of this legislation was criticized for being thin on details, and it appeared the Committee did not seem to be overly intrigued by their argument. These opponents may have made some in-roads, however, with their suggestion that the legislation be amended to direct the PUC to regulate this area more closely.

Mr. Allen did state LD 1251 represents, to him, a significant improvement over previous legislation, and indicated a willingness to work on amending the bill. It is the MMA's hope that the proponents will be able to explain to the Committee how LD 1251, as drafted, addresses the opponents' concerns. Safety was a key concern for them due to the lack of oversight they would have over municipally-contracted or in-house workers performing work in the electric zone highest on the power lines, but LD 1251 calls for training and licensing of contracted workers. They also expressed concerns with hands-on aspects of pole work, such as not having the right tools to fix bolts and fixtures. Committee Member Ryan Tipping-Spitz of Orono, who works at a hardware store, found this argument to be somewhat tenuous. One of Mr. Allen's suggestions that seemed to have legs was a request for the utility to be able to inspect work done on the poles.

Finally, PUC Legislative Liaison Paulina Collins testified Neither For Nor Against. She suggested adding language

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Limited-Use Easements on Discontinued Roads

On Monday this week, the State and Local Government Committee held a public hearing on LD 1273, *An Act Pertaining to the Closing of Municipal Roads for Community Use*. The bill was advanced by Senator Geoff Gratwick of Penobscot County on behalf of the Bangor Land Trust.

As proposed, LD 1273 provides the municipal officers an opportunity to place restrictions on the public easements retained on discontinued town ways and recorded in the discontinuance orders adopted by the local legislative body (i.e., town meeting or council). Under this authority, for example, the municipal officers might limit public access between the months of May and October, thereby ensuring public access to a popular day hike. Use of the easement could be limited to the hours of 10 a.m. and 5 p.m. if the discontinuation order was so-constructed, thereby providing abutters some level of privacy. Access could be limited to non-motorized traffic.

Lucy Quimby, President of the Bangor Land Trust, provided testimony in support of the bill. Ms. Quimby testified that the intent of the bill was to clarify that the municipal officers' exclusive right to adopt traffic related ordinances extends to the public easements held on discontinued roads. The lack of clarity was discovered when the Trust asked the Bangor City Council to limit traffic on a segment of a discontinued way, used predominately by cyclists, to non-motorized traffic only. After examining the pertinent statutes, the Bangor Council was advised against implementing a limited-use easement because no clear authority exists in state statutes. Ms. Quimby urged the Committee to support the bill as way for ensuring public use and access to important resources.

Jeff McNelly, representing the Maine Water Utilities Association, provided testimony in opposition to the bill. According to Mr. McNelly, the Maine Water Association opposes the bill because it allegedly violates property owner rights and would adversely impact the ability of water utilities to protect drinking water supplies.

Roberta Manter of Fayette, Tom

Doak, representing the Small Woodlot Owners of Maine, and the Maine Municipal Association provided testimony "neither for nor against" LD 1273.

Ms. Manter and Mr. Doak recommended that the issue raised in Sen. Gratwick's bill be folded into a broader discussion of the road discontinuance and abandonment law. Although their suggestions were identical, Ms. Manter and Mr. Doak disagreed on the next step. Ms. Manter believes that the state is ready to act now and that legislation to fix all the perceived problems with road discontinuance and abandonment law has been drafted. Mr. Doak, however, advocated for a go-slow approach to ensure the issue is adequately discussed before changes are finally implemented.

MMA provided comments on the merits of the bill. While municipal officials support the clarification being sought in LD 1273, they believe that the bill needs to be amended to address two issues. First, municipal officials believe it would be more appropriate to amend the section of law that grants municipal officers exclusive authority to adopt ordinances regulating traffic (30-AMRSA, Section 3009). Second, the bill should be amended to ensure that abutters to the public way with limited-use public easement retain full use over the road.

Although the Committee was gracious in accepting the testimony, there

appears to be interest in merging the issue raised in LD 1273 with the "need for more study" on a separate bill, LD 1177, *An Act to Implement the Recommendations from the Discontinued and Abandoned Roads Stakeholder Group*. LD 1177, described in detail in the April 12 edition of the Legislative Bulletin, seeks to turn the discontinued and abandonment road law on its head and hold municipalities and the property taxpayers responsible for financing and implementing all solutions.

That "blame the municipality" approach made an appearance at Monday's hearing on LD 1273. One member of the State and Local Government Committee observed that "many bills come to the Committee because municipalities can't do their jobs," and that while "home rule is important the Legislature needs to get municipalities to do their jobs."

Municipal officials hope that if state-level decision makers believe further study is necessary in the area of road discontinuation law, every effort is made to ensure that all sides of the issue are equally represented, that the issues to be addressed are clearly articulated, and that the final recommendations for improving the road discontinuance and abandonment process hold all interested parties accountable for implementing the solutions and being responsible for their own actions.

Highway Fund Budget Hearing Scheduled

The Transportation Committee has scheduled a public hearing on Governor LePage's proposed \$1.06 billion FY 2014-15 biennial Highway Fund budget on Tuesday, May 14 at 1 p.m. in room 126 of the State House. The emergency bill is printed as LD 1480.

Of municipal significance is Part I of the proposed budget, which requires municipalities to give to the state's Highway Fund the motor vehicle excise taxes collected for truck tractors, which is estimated to generate approximately \$4 million per year. The initiative had

been originally (and incorrectly) included as part of the Governor's General Fund budget.

Although municipal officials testified in opposition to the proposal during the General Fund budget hearing process in mid-March, those municipal officials are strongly urged to attend and participate in the Highway Fund budget hearing process. It may seem like an unnecessarily duplicative process, but the members of the Transportation Committee need to be reminded about how this initiative will

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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/lis/>.

Monday, May 6

Criminal Justice & Public Safety
Rm. 436, State House, 10:00 a.m.
Tel: 287-1122

LD 1289 – An Act To Create an Animal Abuser Registry.

Education & Cultural Affairs
Room 202, Cross State Office Building, 1:00 p.m.
Tel: 287-3125

LD 1184 – An Act Regarding Special Education Requirements for School Administrative Units That Do Not Operate Any Schools.

LD 1441 – An Act To Align the Formation of Governing Boards of Career and Technical Education Regions with That of Other Public Schools.

Energy, Utilities & Technology
Room 211, Cross State Office Building, 1:00 p.m.
Tel: 287-4143

LD 965 – An Act To Improve Maine's Underground Facility Damage Prevention Program.

LD 1457 – An Act To Amend the Charter of the South Berwick Sewer District.

Environment & Natural Resources
Room 216, Cross State Office Building, 9:00 a.m.
Tel: 287-4149

LD 1212 – An Act To Prohibit Coal Tar Pavement Products.

LD 1427 – An Act To Establish a Resource and Development Coordinating Council.

LD 1430 – An Act To Clarify the Permitted Use of Aquatic Pesticides.

LD 1490 – An Act To Amend the Mandatory Shoreland Zoning Laws.

LD 1497 – An Act To Make Minor Changes and Corrections to Statutes Administered by the Department of Environmental Protection.

State & Local Government
Room 214, Cross State Office Building, 9:00 a.m.
Tel: 287-1330

LD 1408 – An Act To Amend the Laws Relating to Secession by a Municipality from a County.

Taxation
Room 127, State House, 10:00 a.m.
Tel: 287-1552

LD 816 – An Act To Reduce the Property Tax Burden and Improve the Circuitbreaker Program.

LD 956 – An Act To Improve and Simplify the Application for Benefits under the Circuitbreaker Program.

Veterans & Legal Affairs
Room 437, State House, 10:00 a.m.
Tel: 287-1310

LD 1299 – An act To Amend Campaign Finance Laws.

LD 1422 – An Act To Establish a Nonpartisan Primary and a Presidential Primary Election System and Instant Run-off Voting for State and Federal Candidates.

Tuesday, May 7

Health & Human Services
Room 209, Cross State Office Building, 1:00 p.m.
Tel: 287-1317

LD 1407 – An Act to Increase Access to Postsecondary Education for Maine's Children.

Inland Fisheries & Wildlife
Room 206, Cross State Office Building, 1:00 p.m.
Tel: 287-1338

LD 1435 – An Act To Amend Certain Provisions of the Fish and Wildlife Laws.

Judiciary
Room 438, State House, 1:00 p.m.
Tel: 287-1327

LD 688 – An Act Concerning Adverse Possession.

LD 1039 – An Act To Promote Regulatory Fairness.

LD 1450 – An Act To Connect the Citizens of the State to the State's Natural Resources by Establishing Standards for Relief from Regulatory Burdens.

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

LD 1478 – An Act To Avoid Potential Loss of Revenue by Municipalities and the Unorganized Territory from Donated Property.

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Street Lights *(cont'd)*

allowing the PUC to set, by rule or order, the type of training and qualifications of non-utility personnel, and to require the qualifications to be uniform throughout the state. She also suggested the Committee consider adopting a basic policy on municipal street lighting, giving a general overview that would grant more authority to municipalities while granting the PUC authority to flush out the details.

The work session for LD 1251 has not yet been scheduled.

Highway Fund Budget *(cont'd)*

impact your municipalities, road budgets and property taxpayers.

In addition to the excise tax raid, the budget bill: (1) provides \$23.3 million each year for the Local Road Assistance program, which represents flat funding; (2) provides \$1.2 million to nine municipalities as the state share of the construction of sand-salt facilities; (3) shifts the funding system for the Maine State Police from 49% Highway Fund and 51% General Fund to 33% Highway

Fund and 67% General Fund; and (4) for reasons that do not appear to be relevant to the Highway Fund, the bill caps the state contribution to the retired teachers health insurance account at the 2011 premium level for the next two-year period and then caps future premium increases at no more than 3%.

If you have any questions about LD 1480 or the hearing, please contact Kate Dufour at kdufour@memun.org or 1-800-452-8786.

LEGISLATIVE HEARINGS (cont.)

Wednesday, May 8

Criminal Justice & Public Safety
Rm. 436, State House, 1:00 p.m.
Tel: 287-1122

LD 1470 – An Act to Develop Juvenile Assessment Centers.

Education & Cultural Affairs
Room 202, Cross State Office Building, 1:00 p.m.
Tel: 287-3125

LD 665 – An Act To Facilitate the Transition to a Standards-based Educational System.

LD 1235 – An Act Regarding School Construction.

LD 1481 – An Act To Ensure the Success of Maine Students.

Judiciary
Room 438, State House, 1:00 p.m.
Tel: 287-1327

LD 851 – An Act To Require the Return of Excess Funds by a Municipality That Forecloses on Real Estate.

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

LD 1392 – An Act To Amend the Motor Vehicle Laws.

LD 1460 – An Act To Update and Clarify the Laws Governing the Operation of Bicycles on Public Roadways.

LD 1464 – An Act To Streamline the Laws Related to Transportation.

LD 1467 – Resolve, To Establish a Demonstration Project To Promote Economic Development in the Forest Products Industry.

LD 1484 – An Act To Amend the Laws Governing Weight Tolerance for Certain Vehicles.

Thursday, May 9

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

LD 1325 – Resolve, To Place a Temporary Suspension on Permitting of Certain Expedited Grid-scale Wind Energy Developments.

LD 1434 – An Act To Clarify the Laws Governing Noise from Wind Turbines.

Insurance & Financial Services
Room 220, State House, 1:00 p.m.
Tel: 287-1314

LD 1078 – Resolve, To Establish the Task Force on the Creation of a State of Maine Partnership Bank.

Friday, May 10

Criminal Justice & Public Safety
Rm. 436, State House, 10:00 a.m.
Tel: 287-1122

LD 1429 – An Act To Allow School Administrative Units To Establish Rules, Procedures and Guidelines for Properly Trained Staff To Carry a Concealed Handgun on School Property while Acting in Their Official Capacities.

Taxation
Room 127, State House, 10:00 a.m.
Tel: 287-1552

LD 1477 – An Act To Impose a Temporary One Percent Sales Tax for Education and Revenue Sharing.

IN THE HOPPER

(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.)

Education & Cultural Affairs

LD 1481 – An Act To Ensure the Success of Maine Students. (Emergency) (Sponsored by Rep. Berry of Bowdoinham; additional cosponsors.)

This bill establishes a moratorium on the authorization of new public charter schools until five criteria are met: (1) the state provides at least 55% of the cost of K-12 education; (2) the State Board of Education (SBE) finds that research clearly demonstrates that public charter schools improve education without increasing costs; (3) the SBE finds that Maine's experience with public charter schools confirms that research; (4) the SBE finds there to be a need for public charter schools in Maine; and (5) the SBE finds that the existing K-12 education system is safe and conducive to learning.

Environment & Natural Resources

LD 1212 – An Act To Prohibit Coal Tar Pavement Products. (Sponsored by Rep. Daughtry of Brunswick; additional cosponsors.)

This bill prohibits the sale and the use of coal tar pavement products, which are defined as a material containing coal tar that is used to coat asphalt or concrete surfaces, including driveways or parking areas.

LD 1483 – An Act To Promote and Enhance State Policy To Preserve

and Support Existing Methods of Municipal Solid Waste. (Sponsored by Sen. Cain of Penobscot Cty; additional cosponsors.)

This bill imposes on each licensed landfill in the state a "solid waste stabilization assessment" at a rate to be calculated by the Department of Environmental Protection (DEP) according to a formula provided in the bill. The assessment is to be applied to all solid waste from any source deposited at the landfill. The assessments are dedicated to the special account within the Maine Solid Waste Management Fund. Disbursements from that account are made to qualifying municipalities or recycling or composting programs. To qualify, the municipality must be paying a tipping fee to a certified waste processing facility that generates energy and reduces solid waste by certain standards of volume and weight. The bill also directs the DEP to develop a process to maximize the use of existing incineration facilities in the state and increase the amount of Maine-sourced solid waste that is processed at those facilities annually.

LD 1490 – An Act To Amend the Mandatory Shoreland Zoning Laws. (Sponsored by Sen. Sherman of Aroostook Cty; additional cosponsors.)

This bill makes a number of clarifying and minor substantive changes to the state's shoreland zoning laws, including: (1) reorganizing the method of calculating the allowed expansion of a nonconforming structure within the 100' setback from a protected water body by folding the current "alternative" calculation system into the standard 30% expansion system; (2) establishing a clearer link in the standards governing the clearing of vegetation to rules adopted by the Board of Environmental Protection with respect to clearing vegetation within general development and commercial fisheries and maritime activity

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zones; and (3) exempting persons engaging in agriculture, timber harvesting and municipal, state and federal employees from the general requirement that contractors working within the shoreland area must be certified as knowledgeable about best management practices according to a program conducted by the Department of Environmental Protection.

Judiciary

LD 1428 – An Act To Protect Religious Freedom. (Sponsored by Sen. Burns of Washington Cty; additional cosponsors.)

This bill creates the “Preservation of Religious Freedom Act”, which allows a person whose right to exercise his or her religion is burdened by a state or local law, regulation or ordinance or other exercise of authority to bring an action in court seeking equitable or monetary damages unless the government remedies the burden or demonstrates that the exercise of authority being challenged is the least restrictive means of furthering a compelling governmental interest.

LD 1450 – An Act To Connect the Citizens of the State to the State’s Natural Resources by Establishing Standards for Relief from Regulatory Burdens. (Sponsored by Sen. Collins of York Cty; additional cosponsors.)

This bill is essentially the “regulatory takings” bill that was developed over the 2011-2012 biennium but ultimately rejected by the Legislature. The bill creates a right of action for a property owner to obtain either compensation or a waiver from regulation in the circumstance where a state law or regulation has reduced the value of the person’s property by 50% or more of its pre-regulatory value. Specifically, and for the purpose of this new right of action, the bill: (1) defines a “regulation” as a state law or regulation and not a municipal regulation except as an action by a municipality in conformance with a

state regulation that imposes a mandate on the municipality; (2) defines a “regulatory taking” as a state-level regulatory limitation on a property owner’s use of real property resulting in a reduction in fair market value of 50% or more; (3) provides this right of action only with respect to regulations that are enacted after August 1, 2014; (4) allows the property owner to consider the cumulative effect of multiple prospective land use regulations to meet the 50% diminution threshold; (5) requires the analysis to consider the regulatory impact on value to take into account the entire property’s value and not just a portion of the property; (6) applies a 3-year statute of limitations so that the property owner has that amount of time from enactment of the restriction(s) that creates the 50% diminution threshold to initiate regulatory takings claim; (7) requires the property owner to initially pursue relief through the land use mediation program; (8) if the mediation system is unsuccessful, entitles the landowner to a jury trial to determine whether a regulatory taking has occurred; and (9) establishes the ultimate form of relief as monetary compensation reflecting the diminution in fair market value.

MMA’s Website Tracking the 2014-15 State Budget

MMA is tracking the progress of the proposed 2014-15 state budget through our website, www.memun.org. The link to that information is found at the top of the home page of that website, identified as “*Tracking the 2014-15 State Budget.*” The information on that website will be updated throughout the legislative session.