

Municipal Officials Stand Up Against Revenue Sharing Cuts

On Friday last week the Appropriations Committee held a public hearing on several of the taxation-related elements of the proposed two-year state budget, including Governor Baldacci's proposal to cut municipal revenue sharing by 10% each year of the biennium.

Over \$26 million is shifted by this proposal from the state's primary property tax relief fund to the state's General Fund. When combined with the simultaneous diversion of \$4 million of municipal revenue sharing funds to the state General Fund through a cynical manipulation of the Local Government Efficiency Fund, the total proposed shift of property tax relief resources to the state's General Fund is \$30 million over the biennium.

\$30 million is a lot of money. If anyone was proposing to raise \$30 million in new tax revenue to help balance the state budget, the outcry from the State House and beyond would be deafening. Increasing property taxes to help balance the state budget, however, is barely eliciting a murmur in the Capitol and hasn't drawn as much as a whisper from the Maine press.

None of that postured indifference stopped about a dozen elected and appointed municipal officials - representing a full spectrum of municipalities - from attending the public hearing to express their concern about further burdening Mainer's property taxes by cutting municipal revenue sharing even deeper than the "natural" hit revenue sharing is already taking in the negative economy.

The larger cities were well represented by Councilor Nick Mavodones of

Portland and Augusta City Manager Bill Bridgeo. Both testified to the sharp cuts in services and the painful layoffs of municipal employees that were already being precipitated by the shortfalls in municipal other-source revenue. Both suggested that if the primary goal of the state fiscal stabilization fund in the federal "stimulus" legislation was to prevent governmental job loss and avoid state and local tax increases, some of that funding could be well-used to mitigate the revenue sharing cut.

The Committee also heard from the state's somewhat smaller service center communities with the testimony of Greenville Manager John Simko, Bath's

Finance Director Abbe Yacoben, and some impassioned testimony from Eastport's city Manager Bud Finch. Finch centered his testimony on the fundamental principles of revenue sharing and how his city was already experiencing a range of shortfalls associated with the negative economy. Finch described how Eastport was now up against the wall with regard to any further service reductions, and how the additional, unprincipled taking of revenue sharing funds by the Legislature, in combination with other shortfalls, could be translated to a 5% increase in local property taxes.

Without serious service reductions, a mill rate increase in the 5-7 mill category was being predicted by Mexico's Town Manager, John Madigan, who provided hard-data charts and graphs to the Committee demonstrating the various

(continued on page 7)

Proposed \$5 Million Raid to Local Road Assistance Program

On Friday, February 27th, the Transportation Committee held a public hearing on LD 333, which is the FY 2010 - 2011 Highway Fund Budget. Of municipal interest in the biennial budget is a proposal to raid \$5 million from the local road assistance program, known as the Urban/Rural Initiative Program (URIP).

Under existing law, 10.4% of the Department of Transportation (DOT) revenues used to improve and maintain state roads and bridges are dedicated to the local road funding program (URIP). The intent of the program is to tie the amount of state aid municipalities receive for road and bridge construction to the amount of revenue received by the state. In good times, the municipalities

receive increases in URIP revenues and in bad times, the municipalities receive less revenue. This concept is illustrated by the fact that according to the most recent projections in FY 2010, URIP will be funded at \$24.2 million, which is \$824,768 less than previously projected estimates. Similarly, in FY 2011 URIP is reduced by \$174,911 to account for a recently projected reduction in available revenue.

Municipal officials do not object to this natural reduction in URIP revenue as it was part of the deal struck between municipal officials and the Department of Transportation. What they do object to is the additional raid of \$5 million in

(continued on page 3)

Nonresident Voting on Municipal Budget Matters

On Wednesday this week, the State and Local Government Committee held a public hearing on LD 463, *An Act to Allow Nonresident Property Owners to Vote on Municipal Budget Matters*. The bill's title speaks for itself; LD 463 would provide nonresident property owners an opportunity to vote on municipal budgets.

Sen. Roger Sherman (Aroostook County) sponsored the bill to ensure that all property owners impacted by municipal budget decisions have an opportunity to participate in the process that directly impacts the property taxes paid. Sen. Sherman noted that the issue of taxation is an important one and that since several legislative initiatives to address overall tax burden have failed, something needs to be done to ensure that taxpayers are protected from being overly taxed.

To make his point, Sen. Sherman read written testimony offered by John Rohrer, a resident of York who is a winter resident of Carrabassett Valley, the home of the Sugarloaf Ski resort. While Mr. Rohrer admits that taxes in Carrabassett Valley are "still relatively low", he notes that approximately 90% of the town's tax revenue comes from nonresident taxpayers. Mr. Rohrer believes that the change proposed in LD 463 is necessary because tourism is Maine's largest industry. "Second home tourists provide a major portion of Maine's construction, property management and support services jobs and every Maine tourist dreams

of owning a second home or retiring in Maine. Municipal preying upon nonresident taxpayers who currently have no voting rights is adversely impacting our tourist industry now and will get worse as inequities become public."

Sen. Sherman also provided materials to the Committee illustrating that the idea proposed in the bill is not novel. According to the information provided, ten states, including Connecticut, have adopted laws that allow nonresident property owners to vote on municipal budget matters, provided that the municipality has adopted an ordinance authorizing the practice. Sen. Sherman believes that Maine property owners deserve that right.

Rep. Henry Joy of Crystal, a co-sponsor of LD 463, also provided testimony in support of the bill. According to Rep. Joy, the current practice that allows only residents to vote on municipal budgets is the equivalent of "taxation without representation". Rep. Joy also believes Maine already allows nonresidents to participate in elections, with the example being nonresident college students who are authorized to register and vote in Maine elections.

It should be noted, however, that there is a significant difference between allowing college students to declare residency in Maine so they can vote in state and local elections and allowing nonresident property owners to vote on municipal budgets. Those college students who vote in Maine rescind their voting rights in other states and are not authorized to participate in multiple elections. If they register to vote in Maine and in a particular community, they are prohibited from voting in any other state or municipality.

Town of Orient resident, David Peabody, also provided testimony in support of LD 463. Mr. Peabody believes the change is necessary because if nonresident property owners had been allowed to vote on municipal budget matters, many costly budget related mistakes could have been avoided in the Town of Orient. Mr. Peabody believes that the

bill makes sense in that it "gives nonresident taxpayers in Maine taxation with representation and better government for all." Not exactly. It does not provide thousands of new-resident tax payers who pay the state's meals, lodging and sales taxes any representation in state affairs.

MMA provided testimony strongly opposing LD 463. Municipal officials oppose the proposal because it changes the definition of a qualified voter from a resident of a municipality to a property owner. Under the bill, summer residents, winter residents and small and large business owners would be authorized to vote on municipal budget matters. If a person is fortunate enough to own property in multiple communities in Maine, that owner would be authorized to vote on the budgetary matters in each community. Municipal officials support the long held concept of "one person, one vote", a concept the bill seeks to overturn.

Municipal officials also oppose the bill because in some communities it puts the needs of nonresidents ahead of those that reside in the community day in and day out. While it is not a common occurrence in all municipalities, there are some communities, particularly coastal and lakeside communities, where the summer time population exceeds the population of the folks that claim these town and cities as their primary residence. In these areas, it is possible that nonresident voters could override the decisions of fulltime residents. Nonresident property owners do not have children in the schools, may not reside in the community during the winter months and therefore may have no interest in supporting plowing budgets, school budgets or any other service that is provided on a year-round basis.

Municipal officials strongly believe that voters who are fortunate enough to own property in multiple communities should be required to choose one primary residence and vote on municipal budgets in that community. The right to vote should be based on residence rather than wealth.

The work session on LD 463 is scheduled for next Wednesday, March 11th at 10 a.m.

Legislative Bulletin

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Tax Committee Keeps Working Bill to Bar Municipal Access to the Courts on Tax Appeals

The Taxation Committee held a work session on a bill this week that would create a "binding arbitration" process for tax appeals in any municipality with a Board of Assessment Review. LD 349, *An Act to Authorize Arbitration of Property Tax Valuation Disputes*, was given its public hearing on February 17th and was fully described in the February 20th edition of the *Legislative Bulletin*.

In summary, LD 349 would allow property owners who are dissatisfied with the decision of a local Board of Assessment Review to avoid Superior Court and move the case to an arbiter who would have the sole authority to determine the "fair value" of the property in question. The bill describes the arbiter's qualifications, how the arbiter is chosen, and how the cost of the arbitration is paid for (50% taxpayer, 50% municipality). The decision of the arbiter would be binding and could only be altered or overturned by a Superior Court if the court found that the arbiter's decision was "procured by corruption, fraud or other misconduct."

In other words, the municipalities under LD 349 would effectively lose their right to appeal property tax abatement decisions into Maine's courts.

MMA testified in opposition to the bill and raised a number of questions and concerns, including: (1) the bill is silent (unlike current law) regarding which party has the burden of making it's case before the arbiter; (2) unlike current law the bill is entirely unclear about which standards of review would apply with respect to assessing appeals; (3) the bill seems to limit the comparable sales that may be considered in the appeal process to only those falling within a 3-to-6 month marketing period; (4) the bill references "fair value" as the appropriate assessment standard, rather than the constitutional standard of "just value"; and (5) the new layer of appellate review clearly establishes a new state mandate to the towns and cities by layering on an additional appellate process and imposing the direct cost of paying for the municipi-

pal share of the arbiter.

Most importantly, however, the standards the bill establishes for any municipality to successfully appeal an arbiter's decision to Superior Court -- proving the arbiter to be either fraudulent, corrupt or guilty of misconduct - is the functional equivalent of blocking municipal access to the courts to appeal assessment determinations made by the arbiter.

At the work session, the Committee gave the chief proponent of the bill, Richard Bryant, an attorney from Portland, the opportunity to re-present all the reasons he feels the bill is needed (which is chiefly the alleged inherent bias of Board of Assessment Review members). Bryant was also provided an opportunity to list a series of amendments he will be drafting for the Committee's consideration to make the bill more palatable.

As described by Bryant, the amendments he will be offering to the bill would:

1. Allow municipalities as well as property owners to appeal a BAR decision to the binding arbitration process instead of accessing the courts;
2. Apply the right to binding arbitration only to appeals of residential assessments.
3. Establish some level of deference to the municipal assessment in the arbitration process, although it is not clear if that level of deference would be the so-called "manifestly wrong" standard established by the Law Court.
4. Include some sort of language that would limit the arbiter from "making up law".
5. Link the bill's reference to "Fair Value" to the case-law definition of "just value", but somehow limit the scope of the arbiter's analysis to only the methods of assessing that are pertinent to residential property (i.e., exclude any income-approach analysis); and

6. Make a cross-reference to the Uniform Arbitration Act so as to link to the severely limited ways the arbiter's decision could be overturned in Superior Court, which in pertinent part are that the decision was procured by corruption, fraud or other undue means, or the arbi-

trator somehow exceeded his or her powers.

If you have a concern about the Legislature taking away the open rights of municipalities to appeal assessment determinations to Superior Court, you should ask your legislators in no uncertain terms to oppose LD 349.

URIP Raid (cont'd)

URIP funds in FY 2011.

At the public hearing, DOT Deputy Commissioner, Bruce Van Note, explained that the "cash" funds (i.e., the \$5 million URIP reduction) taken from the municipal account would be replaced with bond revenue. Mr. Van Note noted that since much of the state's highway capital account is funded with bond revenues, it makes sense that a portion of the funds provided to municipalities would be funded by this mechanism as well. While the bond revenue proposal was mentioned at the hearing, it is not included in the Highway Fund budget. As it stands, the \$5 million proposal is a straight-out raid of the URIP account.

MMA provided testimony in opposition to the proposed \$5 million URIP reduction. By taking these revenues from the municipalities, the state is essentially shifting \$5 million worth of resources provided through a user-based system (the fuel tax) onto the property taxpayers or, in the alternative, causing municipalities to reduce investments in local roads and bridges by \$5 million.

Municipal officials are very familiar with this "borrowing" concept. Municipal revenue sharing funds used to capitalize the Local Government Efficiency Fund have been continuously raided by the Legislature since the Efficiency Fund was created in 2004. Municipal officials are concerned that if this proposal is enacted it will become commonplace for the Legislature to target these revenues in tough financial times.

The first of several work sessions on LD 333 was scheduled for Friday, March 6th.

The Hospital Leased Property Exemption Comes Under Scrutiny

When and or how do you address an important tax policy issue that begs for a serious review? Comprehensively as part of a true tax reform initiative...or incrementally, as the issue presents itself? In good economic times when governmental operating revenues are readily available...or in negative economic times when everyone is struggling? In the first legislative session with a newly-elected Legislature...or in the second legislative session, during an election year?

The old adage is that it doesn't matter. Good times, bad times...comprehensively or incrementally...first legislative session or second – fixing the tax code is an impossible task.

It was against that old adage that a bill submitted to the Taxation Committee was given its public hearing on Tuesday this week.

LD 545, *An Act to Amend the Tax Exemption Regarding Leased Property*, was presented to the Committee by its sponsor, Senator Larry Bliss (Cumberland County), as a straight-up tax policy issue that deserves to be addressed. As explained by Sen. Bliss in his presentation, LD 545 would repeal a completely unique property tax exemption given to hospitals in 1975 for both personal and real property that the hospitals rent from commercial landlords.

As a matter of deep-structure tax policy, any exemption for leased property is unheard of. The abiding rule in property tax law for virtually any non-governmental tax-exempt corporations is that: (1) the property must be owned by the exempt entity; and (2) the property must be used by that entity in support of its mission. If one or the other of these tests cannot be met, the exemption is not allowed; therefore, no property leased by exempt institutions from commercial property owners is exempt from taxation. Property leased by churches, non-profit nursing homes, private colleges or preparatory schools, public housing corporations, food pantries, YMCA/YWCA facilities, or any

other “charitable” or “literary or scientific” entity...all of that leased property is fully taxable. The way the professor in Tax Law school would say it is: “Exemption is not conferred by extension”, which is to say that just because a commercial property owner leases property to an exempt institution, the exemption does not attach to the leased property.

Except, in Maine, for hospitals.

Senator Bliss provided to the Committee the entire legislative record of the bill that created the unique exemption in 1975, including the transcript of the House debate on the bill before it was enacted. After reading that transcript it is completely obvious that the entire focus of the legislation submitted 35 years ago was to exempt the personal property leased by a hospital. At the time, X-ray machines and mainframe IBM computers were being routinely leased by hospitals rather than purchased outright, in part because of the highly-specialized and ever-changing nature of hospital equipment and in part because of the very high capital costs. Throughout all of the legislative record on that bill, there is not a single mention of the need to exempt real estate that might be leased by a hospital. In all probability, hospitals were not in the practice of leasing real estate at that time.

But they are now.

The case that brought the issue to the municipal attention is located in South Portland, where Mercy hospital is leasing 15,000 feet of a 75,000 square foot warehouse facility for data storage purposes. Any number of businesses, organizations, and associations regularly lease off-site space to store records that have to be archived, and there is a regular commercial market for that type of leased space.

But there is only one institution within the entire state that can lease that warehouse property and transfer its exemption to the commercial landlord, and that is the hospital. No other non-governmental exempt corporation can extend its exemption to leased property. As a matter of fact, not even a government at any level – federal, state, regional or

local – can extend its exemption to property that it leases. The hospitals and/or the commercial landlords are enjoying an exemption that is not even provided to government itself.

MMA testified in support of LD 545, re-presenting the central policy question much as it had been presented by Senator Bliss. MMA pointed out that this wasn't a money issue to the municipalities. If the legislation is structured to affect only leases going forward, that would still correct this special aberration in tax policy. There is a world of public-policy difference between a hospital getting special tax treatment for leasing a MRI machine and for leasing 20% of a warehouse for data storage purposes. The legislative record makes it clear that an exemption for commercial warehouse property was not what the 1975 Legislature had in mind at all, and if there is any interest at all in regaining some coherency in this tax exemption policy, this unique leased-property exemption is a place to begin.

Mercy Hospital's Chief Financial Officer and two lobbyists representing hospitals spoke in opposition to LD 545. The hospital testimony focused primarily on the financial impacts, suggesting that while the municipalities were obviously interested in securing more revenue (a projection on the hospital's part and actually not the central point of the bill), there would be very negative impacts to the hospital's bottom line that would only increase hospital costs or reduce quality patient care at a time when all hospitals are struggling. One of the hospital lobbyists suggested that an evolving part of the hospital's mission is to provide more medical care “out in the community”, and the cost-effective implementation of that plan (to the hospitals, not the host community) involves leasing more and more relatively small facilities to provide specialized services.

The Taxation Committee members were engaged on the issue and probed the arguments of opponents and proponents alike. One Committee member observed that it is difficult to appreciate the hospitals' collective economic plight when observing the stylish, modern and non-utilitarian buildings they are con-

(continued on page 6)

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.)

Business, Research & Economic Development

LD 731 – An Act To Designate Cumberland County as a Pine Tree Development Zone. (Sponsored by Sen. Bartlett of Cumberland County; additional cosponsors.)

This bill designates all of Cumberland County as a Pine Tree Development Zone.

Criminal Justice & Public Safety

LD 713 – An Act Regarding Assault on a Firefighter. (Sponsored by Rep. Pratt of Eddington; additional cosponsors.)

This bill establishes as a Class C crime the act of assaulting a firefighter while the firefighter is performing his or her duties.

LD 748 – An Act To Adjust the Assessment for Correctional Services from Sagadahoc County. (Emergency) (Sponsored by Rep. Watson of Bath; additional cosponsors.)

Legislation enacted in 2008 firmly caps the amount each county may assess for jail-related purposes. This bill increases the amount of property taxes that may be assessed by Sagadahoc County for the purposes of providing jail services by \$230,000, from \$2.296 million to \$2.527 million.

LD 847 – An Act Authorizing Statewide Mutual Aid among First Responder Agencies. (Reported by Rep. Haskell of Portland for the Maine Fire Protection Services Commission.)

This bill adopts by reference a statewide mutual aid agreement that allows any local first responder to provide emergency management, fire, law enforcement, emergency medical, public works and any other emergency services upon the request of any political subdivision in the state. The bill allows any municipality to “opt out” of the statewide agreement by adopting an opt-out ordinance.

Education & Cultural Affairs

LD 697 – An Act To Stabilize School Heating Costs. (Sponsored by Rep. Dill of Cape Elizabeth; additional cosponsors.)

This bill directs the Commissioner of the Department of Education to develop a statewide heating fuel purchase program for all public school facilities and then bill each school system for its appropriate share.

LD 817 – An Act Concerning Teacher Salaries. (Sponsored by Rep. Bolduc of Auburn; additional cosponsors.)

This bill prohibits the determination of a public school teacher's salary to be based on the measurable productivity of the teacher or the students of the teacher.

Inland Fisheries & Wildlife

LD 656 – An Act To Allow Members of the Armed Forces Who Are Not Residents but Own Property in this State To Obtain Resident Hunting and Fishing Licenses or Permits. (Sponsored by Rep. Clark of Millinocket; additional cosponsors.)

This bill allows nonresident members of the Armed Forces to

obtain resident hunting and fishing licenses if they own property in the state.

LD 823 – An Act To Increase Snowmobile Registration Fees. (Sponsored by Rep. Clark of Millinocket; additional cosponsors.)

This bill makes several changes to the laws governing snowmobile registration, including making separate registrations for snowmobilers who use trails funded in part with resources from the Snowmobile Trail Fund and for those snowmobilers who do not. Among the various changes, this bill increases the snowmobile registration fee from \$35 to \$50 for those snowmobilers who intend to use trails funded at least in part through the Snowmobile Trail Fund.

Legal & Veterans Affairs

LD 758 – An Act To Allow Municipalities and Counties To Require Bartender Training for Liquor Licenses. (Sponsored by Rep. Harlow of Portland; additional cosponsors.)

This bill requires the state Bureau of Liquor Licensing and Enforcement to give consideration to whether or not an establishment serving liquor provides server training as required by the municipal officers or county commissioners where the establishment is located.

LD 831 – An Act To Enhance Fund-raising Opportunities by Certain Nonprofit and Fraternal Organizations. (Sponsored by Rep. Fitts of Pittsfield; additional cosponsors.)

This bill provides that organizations may conduct games of chance without a license provided they collect no more than \$15,000 in entry fees or wagers in a calendar year and provided that no single unlicensed game of chance does not exceed \$10,000 in entry fees or wagers. The organizations allowed to conduct these unlicensed games of chance must still register with the Maine State Police and pay a registration fee of \$30.

Natural Resources

LD 837 – An Act To Protect Maine's Groundwater. (Sponsored by Rep. Adams of Portland; additional cosponsors.)

This bill establishes that the people of the state have the same common interest in the groundwater of the state as they have with fresh surface waters. The bill also provides that the groundwater deserves the same level of protections as the fresh surface waters.

State & Local Government

LD 739 – An Act To Provide That the Assessor and Treasurer Are Incompatible Municipal Offices. (Sponsored by Sen. Mills of Somerset County.)

This bill establishes the positions of municipal treasurer and municipal assessor as “incompatible offices” which, therefore, cannot be simultaneously held by the same person.

LD 761 – An Act To Abolish the Fund for the Efficient Delivery of Local and Regional Services. (Sponsored by Rep. Hayes of Buckfield; additional cosponsors.)

This bill would abolish the Fund for the Efficient Delivery of Local and Regional Services and redirect the 2% of municipal revenue sharing funds that are supposed to capitalize that program (but which have been chronically raided by the Legislature) back into the municipal revenue sharing distribution.

LD 763 – An Act To Clarify the Warrant Article Petition Process. (Sponsored by Rep. Willette of Presque Isle; additional cosponsors.)

This bill clarifies that a board of municipal officers may reasonably refuse to advance a petitioned article to the municipal

(continued on page 6)

HOPPER (cont'd)

legislative body if the municipal legislative body is not authorized pursuant to federal and state law and municipal charter to act on the article.

LD 786 – An Act To Require That Minutes Be Kept of Municipal Meetings. (Sponsored by Rep. Miller of Somerville; additional cosponsors.) (By Request)

Although the scope of the requirement is not clear, this bill requires every municipality to keep minutes of a meeting of the municipality.

Taxation

LD 765 – An Act To Allow Towns To Establish Their Own Homestead Exemption Programs. (Sponsored by Rep. Cebra of Naples; additional cosponsors.)

This bill authorizes the legislative body of any municipality to adopt a local option homestead property tax exemption that may not exceed 20% of the just value of a resident's homestead.

LD 788 – An Act To Aid Municipalities and the Unorganized Territory in the Reduction of Property Taxes. (Sponsored by Rep. Chase of Wells; additional cosponsors.)

This bill captures 10% of the going-forward growth of state sales tax revenue and distributes it back to the municipalities where the sales taxes were generated.

LD 808 – An Act To Capitalize the Municipal Investment Trust Fund with Municipal Revenue-sharing Resources. (Sponsored by Sen. Craven of Androscoggin County; additional cosponsors.)

Current law sets-aside 2% of all municipal revenue sharing funds for the purpose of capitalizing the Local Government Efficiency Fund. The Legislature has raided the resources in the Local Government Efficiency Fund since its inception in 2005. This bill repeals the diversion of revenue sharing funds to the Local Government Efficiency Fund and recreates a 2% set-aside of revenue sharing funds for the purpose of capitalizing the Municipal Investment Trust Fund, which was established in 1993 for the purpose of providing capital resources for municipal infrastructure investments.

LD 839 – An Act To Authorize an Alternative Calculation of the Property Growth Factor for Municipalities with Exempt Personal Property. (Sponsored by Rep. Gilbert of Jay; additional cosponsors.)

This bill authorizes a municipality that has a significant amount of personal property in its tax base to include the value of newly installed personal property in the numerator and the denominator of the calculation of that municipality's growth factor under the LD 1 property tax levy limit system even though the newly installed personal property is exempt from taxation.

LD 840 – Resolution, Proposing an Amendment to the Constitution of Maine To Control Property Tax Increases. (Sponsored by Rep. McKane of Newcastle; additional cosponsors.)

This bill sends to the voters a proposed constitutional amendment that would limit any increase in the assessed value of property to an inflation-based index such as the Consumer Price Index.

Transportation

LD 706 – An Act To Impose a Maximum Speed Limit of 45 Miles Per Hour on Roads on Which a School Bus Stop Is Located. (Sponsored by Rep. Connor of Kennebunk; additional cosponsors.)

This bill imposes a maximum speed limit of 45 miles per hour on every public way on which a school bus stop is located. The bill allows a municipality to petition to exempt a portion of the public way from that speed limit if the municipality can show that the portion of

the public way to be exempted does not contain any bus stops.

LD 736 – Resolve, Directing the Department of Transportation To Request Federal Funding for the Extension and Completion of Interstate 95. (Emergency) (Sponsored by Sen. Jackson of Aroostook County; additional cosponsors.)

This resolve directs the Department of Transportation to request all available federal stimulus funding for the purpose of extending and completing Interstate 95.

Utilities & Energy

LD 764 – An Act To Allow Municipalities To Offer Access to the Internet through Digital Subscriber Lines. (Sponsored by Rep. Saviello of Wilton; additional cosponsors.)

This bill allows a municipality to provide digital subscriber line service (DSL service) by itself or through a third party to an area of the municipality that does not receive Internet service if the telecommunications utility servicing the municipality refuses to provide the service to the area.

LD 846 – Resolve, Directing the Department of Transportation To Study Ways To Reduce Energy Use and promote Efficiency along Major Transportation Corridors. (Sponsored by Rep. Piotti of Unity; additional cosponsors.)

This resolve directs the Maine Department of Transportation to conduct a study with the primary goal of determining how existing rules and laws might be changed to meet the objective of reducing vehicle miles traveled, maintaining arterial functions, reinforcing land use patterns, facilitating transit development and otherwise saving energy. The DOT study is to be conducted in collaboration with various state agencies, regional councils of government, regional planning commissions, metropolitan planning organizations and the Maine Municipal Association.

HOSPITAL (cont'd)

structing. Another member inquired about the salaries being currently awarded to hospital Chief Executive Officers and was informed that of the 39 hospitals in Maine, at least "several" of the CEO's command annual salaries exceeding \$1,000,000.

As far as actual financial impact, if the bill were enacted as printed, Mercy Hospital indicated that it would be exposed to a tax bill of about \$135,000 for its leased property. Another hospital lobbyist said that Portland's other hospital, Maine Medical, would be exposed to about \$100,000 in taxes on the property it leases.

The work session for LD 545 is scheduled for next Wednesday, March 11.

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://www.state.me.us/legis/>.

Monday, March 9

Insurance & Financial Services
Room 427, State House, 9:30 a.m.
Tel: 287-1314

LD 715 - An Act To Enable the Use of Credit Cards for Government Transactions.

State & Local Government
Room 216, Cross State Office Building, 10:00 a.m.
Tel: 287-1330

LD 113 - An Act Regarding Construction and Excavation near Burial Sites.

Tuesday, March 10

Natural Resources
Room 214, Cross State Office Building, 1:00 p.m.
Tel: 287-4149

LD 515 - An Act To Allow a Municipality To Recover Emergency Response Costs from a Natural Gas Utility in Certain Cases.

LD 535 - An Act To Allow the Temporary Placement of Structures To Protect Property from Natural Disasters.

LD 536 - An Act To Enhance Maine's Electronic Waste Recycling Law.

LD 646 - An Act To Improve the Water Quality of Maine's Rivers.

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

LD 662 - An Act To Phase Out the Distribution of the Disproportionate Tax Burden Fund under the State-municipal Revenue Sharing Program over a 5-year Period.

LD 493 - An Act To Provide Sensible Options for Tax Increment Financing Proceeds in Small Towns.

LD 539 - An Act To Amend the Laws Governing the Allowable Use of Tax Increment Financing Funds.

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

LD 418 - An Act To Facilitate the Development of Ocean Wind Power.

Thursday, March 12

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

LD 502 - An Act To Require Additional Information in the Annual Reports of Nonprofit Corporations.

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

LD 437 - An Act To Require a Person under 18 Years of Age To Wear a Helmet While on a Motorcycle.

LD 453 - An Act To Require Motorcyclists To Wear Helmets.

STAND UP (cont'd)

factors working in combination to put upward pressure on the property tax in an industrial region where two major employers have been eliminating jobs and laying off employees for the last several months.

Standish Councilor Lou Stack presented the facts from his suburban community on the southwest shore of Sebago, detailing the perfect storm of property tax pressure related to the proposed reduction in revenue sharing (\$115,000), the combined reduction in other sources of non-property tax revenues (\$225,000), and \$100,000 in increased expenditures associated with, among other things, the town having to take over the management of 11 miles of state roads as "urban compact" highway.

Not to be forgotten, Maine's small-est communities were represented by Rhonda Stark, St. Albans Town Man-

ager, and West Bath's Administrator Pam Hile. Both women pointed out commonalities in their experiences at the small town level, including: 1) no services to cut except for vital core services; 2) constituents whose income is inaccurately expressed by their town's state valuation and who cannot absorb a property tax increase; and 3) a combination of factors including the proposed revenue sharing cut that are leading to one eventuality or the other, or a combination of both.

In addition to the cut itself, virtually all of the municipal testimony also focused on the objectionable way the revenue sharing raid would be executed.

According to the Governor's proposed budget bill, for the first time in the history of municipal revenue sharing the statutory percentage of sales and income tax revenue dedicated to revenue sharing would be reduced, in this case from 5.1% to 4.6%. The percentage has been set at 5.1% since 1985.

There is hardly a municipal official

in Maine who doesn't recognize this "percentage-reduction" strategy as a way to make it very difficult for the full percentage value to ever be restored. After all, the Legislature's commitment to actually increase municipal revenue sharing to 5.2% of sales and income tax revenue - a commitment enacted in 2000 as the other half of the legislation creating the so-called Rev. II distribution system - has never been enacted, gets punted from biennium to biennium, and with this budget would be fully repealed.

If the legislators from the Appropriations and Taxation Committee who were attending the hearing were keeping their view of the revenue sharing cuts close to the vest, there was nonetheless an expression of interest in reconstructing the revenue sharing cut - if there is a revenue sharing cut to be - so as to avoid changing the percentage in statute and provide proportionality to the impacts between the Rev. I and Rev. II distributions.