

Modified Burn Permit Fee Proposal Supported

On Wednesday this week, the Agriculture, Conservation and Forestry Committee held another work session on Governor Baldacci's proposal to alter the current open burning permit process. The change is embedded within the proposed biennial state budget. The original proposal would have attached a \$5 fee to each burn permit issued by municipalities, to be collected by the municipalities and handed over to the state. It also would have allowed the public to obtain a permit online.

The firefighting, farming and municipal communities have expressed concern over the proposal and in response the Committee agreed to accept more public comment on the plan as proposed, and an alternative plan.

The alternative plan would continue to have locally issued permits be free of charge. Permits issued online would cost \$7. The primary concern with the online issuance of permits from the firefighters' perspective is being disconnected from the permitting process and not knowing who is doing what burning within the community. The proposal has not been fleshed-out enough to know what the communication system will be between the state, which will handle the online permitting system, and local fire wardens.

The assumption is that communities that are online will receive email notification of the permits issued. Communities that are not online would be able to call into the forest service and ask. This system is not appealing to many firefighters. First, they want to be able to see in-person the individual applying

for the permit. Second, they believe that weather conditions can change too rapidly or be different in different parts of town. It is not clear that the online system will be flexible enough to accommodate different conditions within a town or that the communication system will be easy enough to alter permit guidelines if the weather changes rapidly. Lastly, particularly in smaller, volunteer departments, if staffing is low or unavailable permits may not be issued. Unexpected staffing issues that impact whether permits should be issued also need to be communicated to the state quickly.

The Committee was responsive to the desires of firefighters to not be responsible for handling money, so locally-issued permits will continue to be free. However, the Committee wanted to

both promote the online capabilities of the state and generate new revenue for the forest service, so the Committee is recommending that online permitting will be allowed and a charge of \$7 will be collected.

Reminiscent of King Solomon, the Committee's recommendation will be to divide Maine into two parts, with the dividing line running east-west through Bangor. In all the area of Maine south and west of that line, on line burn permitting would be available. In all the organized areas of Maine north and east of that line, on-line permitting would not be available. On-line permitting would be available in the unorganized territories in northern and eastern Maine because burn permits are issued there by the forest service.

The Committee's recommendation will now be transmitted to the Appropriations Committee, which is responsible for crafting the final committee recommendation on the entire state budget.

Converting Auto Excise Tax

Like jonquils, daffodils or hollyhocks in the garden, LD 345 is a perennial that blooms at least once every two years.

The bill's title explains it all: *An Act to Base the Excise Tax on Motor Vehicles on the Purchase Price.*

On Tuesday this week, LD 345 was presented to the Taxation Committee by its prime sponsor, Sen. Bruce Bryant of Oxford County. As presented, the bill is "emergency" legislation, which means that the intention is to make the change in motor vehicle excise tax collection immediately effective.

As municipal officials are well aware, the motor vehicle excise tax has always

been based on the automobile manufacturer's "list price". An excise tax is structurally different from a sales tax. Whether applied to cigarettes, gasoline, automobiles or any other commodity, an excise tax is grounded in absolute uniformity. Regardless of when or where or under what circumstances a person buys an automobile, the tax paid on the same car will be the same in Fryeburg and Calais, Kittery or Fort Kent, two days after President's Day or a month after Labor Day.

Just a few years ago, the Legislature enhanced the application of uniformity by implementing the window-sticker

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EXCISE TAX (cont'd)

process so that the “list price” would be provided to the excise tax collector as a matter of record rather than guesswork.

LD 345 would undo all that. The new tax base under LD 345 would be whatever the sales price was recorded on the bill of sale. With the effect of trade-ins, dealer “mark downs”, “rebate cash-ins”, and regular car sale negotiations, it is estimated that LD 345 would result in a 10%—15% reduction in the value of the excise tax base. Because each car’s original taxable value stays with the car throughout its life, LD 345 would affect all excise tax payments. MMA estimates the financial impact of LD 345 would be a reduction in motor vehicle excise tax revenue of \$20 million to \$30 million a year.

Along with Sen. Bryant, Representative Troy Jackson (Fort Kent) spoke in support of LD 345. Both legislators argued that the “list price” is rarely reflective of the sales price and they believe it is unfair to base the tax on anything other than the sales price. Senator Bryant said that he thought the change should be part of an overall tax reform package, and that the municipal revenue losses could be offset in a larger tax reform effort with changes to municipal revenue sharing, although the origin of that increased revenue sharing support was not specified.

The Maine Automobile Dealers Association (MADA) also testified in favor of LD 345, although the MADA testimony did not recommend basing the excise tax on the sales price of the automobile because it would have the effect of pressuring automobile dealers to mini-

mize the excise tax liability of their customers by artificially structuring the sales price. Instead, MADA recommended redesigning the excise tax mill rate structure, reducing the first-year mill rate from 24 to 18, but propping up and extending the subsequent year mill rates in a way to

hold municipalities harmless. In other words, the owners of older automobiles would pay more in excise taxes so the owners of the new automobiles could pay less.

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Letter from AG on Homestead Effective Date

As reported in last week’s Legislative Bulletin, two legislators responded constructively to municipal concerns last week by sending a letter to Maine’s Attorney General requesting a definitive legal opinion regarding which homestead exemption should be used as the basis of this year’s property tax commitment. LD 1 left that issue in legal limbo, and as we enter the town meeting season, municipal officials across the state need to have a sense of what the tax base of their community is going to be, which in turn will determine the property tax rate.

The Attorney General, Steve Rowe, provided an initial response this week, which is provided below. As will be noted, this initial response only explains that more time will be needed before the definitive legal opinion can be provided. The letter also points out that if before April 1 the Legislature could agree to an approach that would muster the necessary “supermajority” support to be put into effect immediately, the question could be answered directly by the Legislature rather than through a legal interpretation of the Legislature’s actions associated with the enactment of LD 1.

February 22, 2005

Senator Richard Nass
3 State House Station
Augusta, ME 04330

Representative Joshua Tardy
2 State House Station
Augusta, ME 04330

Dear Senator Nass and Representative Tardy:

I have received your letter of February 16, 2005, requesting the opinion of this Office on several questions related to the application of the homestead exemption and retroactivity provisions in P.L. 2005, ch. 2, “An Act to Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels.” You indicate that “the issues raised relate to the legality of all municipal commitments, as well as the assessment of taxes by Maine Revenue Services in the unorganized territories” as well as to the “legality of possible curative legislation.”

The questions you raise require detailed consideration of the statutory and administrative framework governing local taxation, with which this Office has very limited familiarity. Accordingly, I anticipate that it will require a significant amount of time and effort to properly address the questions you raise.

In the interim, we certainly see no legal obstacle to any emergency enactment establishing April 1st as the effective date for the changes to the homestead exemption. Whether or not such legislation is required, it should moot the issues you raise in your letter.

Sincerely,
G. Steven Rowe
Attorney General

Legislative Bulletin

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

Q & A

LD 1 Corner

Q. In the municipal spending limitation system created by LD 1 there is a requirement that we adjust our “property tax levy limit” by new state funding. Can you explain how we should calculate that adjustment?

A. Any confusion you may have with respect to this adjustment is justified. As is the case with much of LD 1, the language of the legislation is imprecise to the point of being obscure, and is very hard to square with practical reality. That being said, we believe the calculation of this adjustment should be accomplished as follows:

The concept. The underlying concept behind the “new state funding” adjustment is not hard to grasp. It is obvious that the idea was developed with the expectation that school systems would be receiving significant increases in state support for their educational programs and there should be some mechanism to make sure that those increases in state aid, after some reasonable adjustments for inflation, would be used to reduce the high level of property tax support for the schools.

The irony. The irony is that the “new state funding” requirement in LD 1 does not apply to increases in school aid. It only applies to state funding provided to municipalities for existing services funded in whole or in part by property taxes, *excluding school services and excluding school spending*. During and after the enactment of LD 1, there was a tremendous amount of political rhetoric to the effect that “90 cents out of every dollar of increased state aid to education will be returned to the property taxpayers”. Actually, there are no requirements to that effect in the text of LD 1.

What’s included. For most municipalities, there will only be three forms of state subsidy that would fit the definition of “state funding for existing municipal services funded in whole or in part by property taxes”: (1) mu-

nicipal revenue sharing; (2) local road assistance (now called Urban-Rural Initiative Program, or URIP); and (3) General Assistance. That the General Assistance reimbursement is included in this calculation is a travesty of public policy, but it would not seem to escape from the definition provided in LD 1.

What’s not included. The various reimbursements a municipality might receive (Homestead exemption, Tree Growth reimbursement, etc.) do not represent state funding provided for the purpose of any specific existing service. Many of the specific-purpose grants a municipality could receive would also not apply because they are federal fund grants that are merely being distributed by the state (e.g., CDBG block grants). In other cases, the occasional state grant is not being provided to support an existing municipal service but is, instead, specifically being provided to fund a service that the municipality would otherwise be unable to afford. They are not being awarded to supplement local funding for an existing service. It is fair to speculate, however, that under certain circumstances a municipality may want to think carefully before accepting a state grant of any substantial size that would be provided to support an “existing” municipal service, because the effect of that acceptance could significantly reduce the municipality’s ability to raise funds for other core municipal purposes.

What’s the calculation. If your municipality’s next fiscal year (FY 06) begins on July 1, 2005, you would begin the calculation by identifying the state funding the town received during the current fiscal year (FY 05); that is, the sum of all revenue sharing, URIP funding and General Assistance reimbursement. From that total you then subtract the state funding the town received during the previous fiscal year (FY 04) in those same three accounts,

multiplied by one plus the municipality’s “growth limitation factor”. (The calculation of the “growth limitation factor” has been described in previous articles in the Legislative Bulletin.) If there is “new state funding” in the current year that is over-and-above the state funding from the previous year adjusted by the growth factor index, then that residual, extra new state funding must be deducted from the town’s property tax levy limit. The effect of this calculation is to allow inflationary-type growth with respect to the various state subsidies, and only require a downward adjustment to the town’s property tax levy limit if the level of state subsidy growth outpaces the municipality’s growth factor.

One-way valve. One would think that if a town must reduce its property tax levy limit when there are increases in state subsidy that there would be a corresponding allowance for the town to increase its property tax levy limit when there are decreases in state subsidy. LD 1 does not create such an allowance, however. It only works in one direction. There is no authority in LD 1 to ever adjust the property tax levy limit upwards through any administrative action. Only the legislative body of the municipality – the town meeting or the town or city council – can act to exceed or increase the limit.

What’s the effect. In recent years the statewide annual increases in municipal revenue sharing, local road assistance and General Assistance reimbursement have been sub-inflationary, so for many municipalities there will be little to no impact associated with the “new state funding” adjustment, but some municipalities will have to make some relatively minor “new state funding” adjustments. That could change in the future. LD 1 changes the system of distributing municipal revenue sharing, and the current highway fund budget shows a 15% increase in local road assistance funding. The municipal recipients of any substantial increases in either or both of those accounts in FY 06 may see more significant impacts of the “new state funding” adjustment as they go through this calculation a year from now, when preparing the FY 07 budget.

Committee Narrowly Opposes Unemployment for Food Workers

On Tuesday of this week, the Labor Committee voted “ought not to pass” on LD 423, *An Act to Allow Food Service Workers for Public Schools to Collect Unemployment Benefits*, by a margin of 7 to 6.

Sponsored by Rep. Margaret Cra-ven of Lewiston, LD 423 would have authorized public school food service workers to collect unemployment benefits in between two academic years, even if the worker has received written assurance that the employee will be reemployed in the next year.

Proponents of the bill believe that food service workers are at a disadvantage and therefore deserve unemployment benefits. One of the perceived disadvantages is the low rate of pay provided to food service workers. (Maine School Management Association estimates that the average hourly rate for food service workers is \$11.27.) Some believe that since food service workers are not high wage earners, they cannot afford to take the two months off without pay. Another asserted disadvantage is the difficulty these employees have in finding summer work, because they are available for only an eight-week period.

Some proponents believe that by providing unemployment benefits to food service workers, schools would experience savings. There is a perception that since food service workers are required to find summer jobs, they may not return to the school for employment in the fall. Higher turnover of food service employees leads to higher training costs, which could be alleviated if unemployment benefits were provided to these employees.

Opponents of the bill raised two concerns. First, LD 423 would treat

permanent seasonal employees as though they were temporary seasonal employees and allow those permanent employees to apply for unemployment benefits while they were temporarily laid off in between two school years. The major difference between permanent and temporary seasonal employees is that there is no assurance that a temporary employee will be reemployed after they have been laid off, and therefore those employees qualify for unemployment benefits. Allowing public school food service workers to apply for unemployment benefits during the summer break would result in increases to the unemployment program rates being paid by municipalities and schools that hire these employees. Municipal officials raised concerns that the change proposed in LD 423 would increase the cost of operating schools and ultimately increase the burden on the property taxpayers. According to the testimony provided by the Maine School Management Association, the change proposed in LD 423 would result in an immediate and direct cost to schools of \$2.1 million per year.

The second concern raised by the opponents was that if the Legislature supported the policy contained in the bill, that policy would have to be applied to other school employees, including education technicians, bus drivers, custodians and crossing guards, to name a few. The financial impact of this policy change to the taxpayers would become even more significant.

The Department of Labor provided testimony “neither for nor against” the bill. In their testimony, the Department estimated that the proposed change in LD 423 would cost schools and municipalities \$3.7

million.

The Labor Committee debate on LD 423 was led by two members, House Chairman Bill Smith (Van Buren) and Rep. Brian Duprey (Hampden).

The members of the Committee who supported the bill raised objections with the Department’s \$3.7 million fiscal impact analysis. Rep. Smith felt that the fiscal analysis was unrealistic, because it assumed that all food service workers would apply and qualify for eight weeks of unemployment benefits. In addition to his concern over the fiscal note, Rep. Smith believes that it is time that school systems realized the value of food service employees. When compared to all other spending on education, the increases associated with providing unemployment benefits to food service workers is a drop in the bucket.

The members of the Committee who opposed the bill made two observations. The first observation was that food service employees are made aware of the terms of the contract. Rep. Duprey believes that since food service employee contracts are based on ten months of employment, it should not come as a surprise that work, pay and benefits will not be available for two months out of the year. Duprey believes that if the terms of the contract do not meet the employee’s needs, then it is incumbent upon the employee to find other work.

The second observation made by the opponents was the intent of the legislation. Through discussions at both the public hearing and work session it became clear to some members of the Labor Committee that the underlying issue was the rate of pay for food service workers and not necessarily the provision of unemployment benefits. These opponents believe that if pay is the actual issue, then other solutions are more appropriate.

With the divided Committee report, LD 423 will now be moving to the House and Senate for floor debate and voting.

Fuzzy Math Regarding LD 1

The Maine Revenue Services (MRS) recently revised its estimate of the amount of property tax savings the tax agency asserts an average Maine homeowner will receive later this year as a result of LD 1. The alleged relief is equal to \$328. This is considerably more than the previous amount of \$207 identified by MRS a month ago during the enactment of LD 1. The reason for the difference is that the first study only included the education component of LD 1 where the new study also includes the expanded circuit breaker property tax and rent rebate program and the new \$13,000 homestead exemption that will be only 50% reimbursed by the state.

Given the fundamentally flawed and unrealistic assumptions behind the MRS analysis, we believe it is important to breakdown how this misleading estimate was created.

First, the analysis only looks at resident homeowners, it does not include renters, owners of camps or second homes, owners of farmland, woodlots or other open lands, out of state property owners, owners of apartment buildings, or small or large businesses. The analysis starts out by identifying 384,770 homeowners in Maine with an aggregate property tax bill of \$947 million. This equates to an average household property tax bill of \$2,462.

The analysis then breaks down the LD 1 property tax relief into three components: the education-related relief, the homestead exemption, and the expanded circuit breaker program. The amount of relief available under each component according to the MRS analysis is: \$79.6 million attributable to the school funding changes; \$33.6 million due to the new homestead exemption; and \$12.8 million due to the expanded circuit breaker program. According to the MRS analysis, those three categories provide a total of \$126 million in property tax relief. This amount reduces the aggregate \$947 million property tax bill down to \$821 million; the average household property tax bill drops from \$2,462 down

to \$2,134, which leads to the claim of \$328 in savings.

The analysis assumes that there will be \$79.6 million in net property tax relief for homeowners due to changes in the school funding system. Again, this factor contributes \$207 of the \$328 in alleged relief.

While the newspapers have dutifully reprinted the political press releases, they haven't wasted any ink in testing or evaluating the analysis or explaining that it is grounded in the assumption that spending on public education in Maine will be cut next year by \$140 million. As it turns out, any increased state spending on education is largely irrelevant to the MRS analysis of relief. Property tax relief due to "education" is almost entirely dependent upon Maine's school systems cutting spending.

The new state Essential Programs and Services model (EPS) identifies for each school system an amount of money that the state believes is necessary to provide an adequate education. Under LD 1, that same number also serves the role of defining the "spending limitation system" for each school system in Maine. For example, Yarmouth has a 100% EPS number of \$12,394,275, which is \$4 million less than Yarmouth's historical spending level.

Currently, approximately 214 out of 285 school systems spend more money on education than the EPS model indicates they should. The aggregate amount of spending in excess of the cap is approximately \$140 million. The MRS tax relief analysis assumes that every single district which currently exceeds EPS will immediately reduce its spending to the EPS level, and then that money will be available for tax relief. Because the MRS analysis focuses on homeowners, only their relative portion of the \$140 million in cuts (57%, or, \$80 million) is included in the analysis. The balance of \$60 million is relief that will go to businesses and other property owners.

When the administration announced this new analysis, many legislators re-

sponded positively. Senator Dennis Damon (Hancock Cty.) stated that he was "encouraged" by the relief Mainers would be seeing. In order for there to be relief in Sen. Damon's district, a sampling of the kinds of cuts to education that would be required to meet the MRS analysis would be a 22% school budget reduction for Blue Hill, a 28% school funding reduction for Brooklin, and a 21% reduction in school spending for Brooksville.

Similarly, Representative Dick Woodbury of Yarmouth indicated that the analysis was "gratifying" and that what the legislators have accomplished will "move our tax burden down." To meet the MRS analysis, that will only happen in Yarmouth if they cut education spending by more than \$4 million, or 25%.

Communities below EPS would not be faced with education cuts, but the analysis assumes no tax relief either. It assumes that all districts below EPS would increase their education spending. So, a community such as Ellsworth, which is poised to receive an increase in state aid of approximately \$750,000 would see no tax relief from "education" because Ellsworth is approximately \$775,000 below EPS. This is why the new education aid from the state plays such a small role in the relief analysis. Much of that new aid goes to those districts that are currently below EPS and the analysis assumes they will spend it.

Cutting approximately \$140 million from education spending is not the only unrealistic assumption underlying the MRS analysis.

For the homestead portion of its analysis, the MRS does not explain how the new unreimbursed portion of the homestead will somehow be covered. Sen. Peter Mills (Somerset Cty.) correctly pointed out to the press that the additional \$36 million will need to be made up by increasing the mill rate on everyone, including homeowners. In contrast

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Health & Human Services

LD 196 – An Act To Enhance MaineCare Reimbursement Rates for Ambulance Services. (Sponsored by Rep. Tuttle of Sanford; additional cosponsors.)

This bill would require the Department of Health and Human Services to conduct an annual review of the MaineCare rates paid for ambulance services, and further require that those rates must be adjusted annually to a level that is not less than the average allowable reimbursement rates under Medicare for such services.

LD 367 – An Act To Monitor and Maintain Maximum Levels of Assistance in the General Assistance Program. (Sponsored by Sen. Brennan of Cumberland Cty.; additional cosponsors.)

This bill would amend the calculation of the aggregate maximum level of General Assistance, which is currently calculated as 110% of the federally-determined fair market rental rates in the various regions of Maine. Under the terms of this bill, the year-to-year change in the aggregate maximum level of General Assistance would be either the maximums as determined by the current formula or the previous year's maximums as adjusted by the percentage increase in the federal poverty level, whichever calculation provides a higher aggregate maximum.

Labor

LD 493 – An Act To Require That All Public School Employees Be Paid a Livable Wage Rate. (Sponsored by Rep. Davis of Falmouth; additional cosponsors.)

This bill would require that all employees in Maine's public schools be provided at a minimum a rate of pay that meets a "livable wage" standard sufficient to meet the cost of the basic necessities of life. For the upcoming fiscal year (FY 06), that standard would be defined as at least 185% of the annual poverty line wage level for a family of two, divided by 2,080 hours.

LD 546 – An Act to Promote Responsible Contracting Practices on State Projects. (Sponsored by President Edmonds of Cumberland Cty; additional cosponsors.)

This bill would require an employer of a laborer, worker or mechanic constructing, altering, repairing, furnishing or equipping state buildings or "public works" to: be bonded; possess a tax identification number; meet all unemployment and workers compensation requirements; provide minimum, Dirigo-based health insurance coverage; OSHA-based safety training; and apprenticeship training programs.

LD 579 – An Act To Supplement Benefits for State Employees and Teachers Whose Pensions Are Subject to Reductions Enacted in 1993. (Sponsored by Sen. Mills of Somerset County.)

This "concept draft" bill proposes to create a new defined-contribution retirement plan as a supplemental benefit for those state employees and public school teachers who are in service under the Maine State Retirement System on or after January 1, 2006. Contributions to the supplemental plan would be calculated at the rate of 2% of the employee's salary. That amount would be deducted from the employee's existing required contribution, but the employee's defined benefits under MSRS would not be diminished. The added cost of maintaining the employee's defined benefits will be allocated to the employer's share of the pension contribution. The "concept draft" is unclear how that allocation would be applied in the case of public school teachers.

Legal & Veterans Affairs

LD 617 – An Act To Limit Out-of-state Contributions to Organizations In a Referendum Campaign. (Sponsored by

Rep. Cebra of Naples; additional cosponsors.)

This bill would limit out-of-state contributions to political action committees engaged in referendum campaigns to no more than 20% of total expenditures.

LD 623 – An Act to Ensure Participation by Voters with Disabilities in the Electoral Process. (Sponsored by Rep. Lerman of Augusta; additional cosponsors.)

This "concept draft" bill proposes to allow for alternative election-related procedures for voters with certain disabilities, including procedures for marking ballots, signing election-related documents, using witness verification and surrogate signatures, etc.

Natural Resources

LD 635 – An Act To Amend the Maine Sanitary District Enabling Act. (Sponsored by Rep. Koffman of Bar Harbor.)

This bill would amend the Sanitary District Enabling Act to allow for the creation of "decentralized community sanitary districts" which would be sanitary districts created within the growth zones established through the comprehensive planning process and designed to collect, manage, treat and dispose of non-industrial sanitary waste generated in those growth zones.

State & Local Government

LD 361 – An Act To Reestablish the Penobscot County Budget Committee. (Sponsored by Rep. Blanchard of Old Town; additional cosponsors.)

This bill would establish or re-establish the Penobscot County Budget Committee as committee of 15 members consisting of 12 municipal officials and three legislators. The legislators and six municipal officials would be appointed by the county commissioners. The six additional municipal officials would be elected through a caucus process. The county commissioners would present the proposed county budget to the committee, the committee could propose a revised budget by majority vote, and the committee's revised budget could be rejected by the commissioners by a unanimous vote.

LD 474 – An Act To Clarify the Authority of a County To Fund Its County Communications Center through the County Tax or Fee-for-service Agreements. (Sponsored by Rep. Blanchard of Old Town; additional cosponsors.)

This bill would establish the right of a county to fund a county communications center through the standard valuation-based method of apportioning the costs of a county budget if any municipality in the county chooses to use the communications center and even if one or more municipalities in the county elect not to use the center.

Taxation

LD 778 – An Act To Exempt the Sale of Electric, Hybrid or Hydrogen-Fueled Vehicles from State Sales Tax and Excise Tax. (Sponsored by Rep. Cressey of Cornish; additional cosponsors.)

Among other changes, this bill would exempt from the motor vehicle excise tax three types of motor vehicles for the first three years of ownership. Those motor vehicles are: (1) hybrid gasoline-electric motor vehicles; (2) fuel-cell-fueled motor vehicles; and (3) hydrogen-fueled motor vehicles.

LD 828 – An Act To Have Counties Retain All the Proceeds from the Real Estate Transfer Tax. (Sponsored by Rep. Pinkham of Lexington Township; additional cosponsors.)

This bill would provide that 100% of the revenue generated by the Real Estate Transfer Tax would be retained by the county that collects the tax.

LEGISLATIVE HEARINGS

Monday, January 28

Agriculture, Conservation & Forestry

Room 206, Cross State Office Building, 1:00 p.m.

Tel: 287-1312

LD 486 – Resolve, To Extend the 2-year Rabies Vaccination Certificate to 3 Years. (Emergency) (Sponsored by Rep. Carr of Lincoln; additional cosponsors.)

LD 538 – An Act Requiring Dog Owners To Obtain Dog License Vouchers at the Time of Obtaining Rabies and Other Immunizations. (Sponsored by Sen. Andrews of York County.)

Criminal Justice & Public Safety

Room 436, State House, 10:00 a.m.

Tel: 287-1122

LD 620 – An Act To Clarify the Liquor Enforcement Laws. (Sponsored by Rep. Barstow of Gorham; additional cosponsors.)

Taxation

Room 127, State House, 1:00 p.m.

Tel: 287-1552

LD 580 – An Act To Encourage Downtown and Urban Revitalization while Meeting the Requirements of New Storm Water Rules. (Sponsored by Sen. Bromley of Cumberland Cty; additional cosponsors.)

Tuesday, March 1

Judiciary

Room 438, State House, 1:00 p.m.

Tel: 287-1327

LD 483 – An Act To Facilitate Real Estate Ownership. (Sponsored by Rep. Bowen of Rockport; additional cosponsor.)

LD 491 – An Act To Cure an Inconsistency Regarding Judgment Liens. (Sponsored by Rep. Davis of Falmouth; additional cosponsors.)

Labor

Room 220, Cross State Office Building, 1:00 p.m.

Tel: 287-1333

LD 493 – An Act To Require That All Public School Employees Be Paid a Livable Wage Rate. (Sponsored by Rep. Davis of Falmouth; additional cosponsors.)

LD 546 – An Act to Promote Responsible Contracting Practices on State Projects. (Sponsored by President Edmonds of Cumberland Cty; additional cosponsors.)

Taxation

Room 127, State House, 1:00 p.m.

Tel: 287-1552

LD 365 – An Act To Provide the Veterans' Property Tax Exemption to All Veterans. (Sponsored by Sen. Savage of York Cty; additional cosponsors.)

LD 626 – An Act To Require the Net Proceeds from the Sale of a Foreclosed Property To Be Returned to the Former Owner. (Sponsored by Rep. Twomey of Biddeford; additional cosponsors.)

LD 746 – An Act to Exempt Tax on Leased Property Used by Maine's Public Higher Education Institutions. (Sponsored by Sen. Perry of Penobscot Cty; additional cosponsors.)

LD 571 – An Act To Allow a Trade-in Credit in the Calculation of the Automobile Excise Tax. (Sponsored by Sen. Cowger of Kennebec Cty; additional cosponsors.)

LD 709 – An Act Promoting Excise Tax Fairness by Allowing

Refunds for Excise Taxes Paid on Vehicles. (Sponsored by Rep. Shields of Auburn; additional cosponsors.)

LD 736 – An Act To Provide Property Tax Relief to County Taxpayers. (Sponsored by Rep. Lindell of Frankfort; additional cosponsors.)

LD 751 – An Act Concerning Counties' Share of the Real Estate Transfer Tax. (Sponsored by Sen. Damon of Hancock Cty; additional cosponsor.)

LD 828 – An Act To Have Counties Retain All the Proceeds from the Real Estate Transfer Tax. (Sponsored by Rep. Pinkham of Lexington Township; additional cosponsors.)

Transportation

Room 126, State House, 1:00 p.m.

Tel: 287-4148

LD 529 – An Act To Allow Vehicles Owned by Sanitary or Sewer Districts To Use Municipal License Plates. (Sponsored by Sen. Savage of Knox County.)

LD 360 – An Act To Create a Retired Firefighter License Plate. (Sponsored by Rep. Jackson of Ft. Kent; additional cosponsors.)

LD 153 – An Act To Require Enforcement of the Low-emission Vehicle Program. (Sponsored by Sen. Cowger of Kennebec Cty; additional cosponsors.)

Wednesday, March 2

Legal & Veterans Affairs

Room 437, State House, 1:15 p.m.

Tel: 287-1310

LD 617 – An Act To Limit Out-of-state Contributions to Organizations In a Referendum Campaign. (Sponsored by Rep. Cebra of Naples; additional cosponsors.)

LD 623 – An Act to Ensure Participation by Voters with Disabilities in the Electoral Process. (Sponsored by Rep. Lerman of Augusta; additional cosponsors.)

Thursday, March 3

Health & Human Services

Room 209, Cross State Office Building, 9:00 a.m.

Tel: 287-1317

LD 367 – An Act To Monitor and Maintain Maximum Levels of Assistance in the General Assistance Program. (Sponsored by Sen. Brennan of Cumberland Cty; additional cosponsors.)

LD 481 – Resolve, To Ensure That Public Assistance Benefits Do Not Exceed Average Wages for a County. (Sponsored by Rep. Thomas of Ripley; additional cosponsors.)

LD 559 – An Act To Require a Study and Comparative Report on Welfare. (Sponsored by Rep. Saviello of Wilton; additional cosponsors.)

LD 609 – An Act To Reconcile General Assistance Prescription Drug Payments with Changes in Federal Prescription Drug Card Benefits and with MaineCare Prescription Drug Payments. (Sponsored by Rep. Glynn of South Portland; additional cosponsors.)

Labor

Room 220, Cross State Office Building, 1:30 p.m.

Tel: 287-1333

LD 579 – An Act To Supplement Benefits for State Employees and Teachers Whose Pensions Are Subject to Reductions Enacted in 1993. (Sponsored by Sen. Mills of Somerset County.)

FUZZY MATH (cont'd)

to that reality, the MRS analysis assumes there will be no mill rate increases associated with the exemption of over \$200,000,000 worth of taxable property. By not recognizing this increase to the mill rate, the MRS clearly overstates the benefit to homeowners. A more realistic analysis of the homesteader's relief provided through the unreimbursed homestead exemption would recognize the impacts of an increased local mill rate, which will reduce the projected \$34 million of relief in that category by more than half. Furthermore, the MRS analysis fails to point out that Mainers with second homes, open land, farmers, woodlot owners, small and large businesses, apartment owners and renters will pick up the difference.

Lastly, even the circuit breaker portion of the analysis is misleading. The analysis purports to describe the average relief enjoyed by Maine's 384,000 households, but just a fraction of that number will be eligible for the circuit breaker benefits, and a smaller fraction of that total will be eligible for increased circuit breaker benefits that are attributable to

LD 1. According to MRS estimates presented to the Legislature, approximately 90,000 households will receive some benefits next year through the circuit breaker program, and a significant percentage of those households will receive the same benefits they would have received under current law. In any event, less than 25% of the households in the analysis will receive any property tax relief directly attributable to changes in the circuit breaker program. Thus, the analysis inflates the benefit of LD 1 for over 75% of the homeowners who will not see any increased benefit from the circuit breaker.

This "analysis" serves one purpose, political cheerleading. First, the unrealistic assumption that every district above EPS will cut its education spending down to EPS is the kind of planning that only Carol Palesky would love. Second, by not including the mill rate impact of the homestead exemption into the analysis, it simply exaggerates the amount of relief that will be available to homeowners and disguises the negative tax impacts on all non-homesteaders and non-homestead land. Lastly, spreading out the very targeted circuit breaker relief to all

homeowners is plainly misleading. LD 1 does a lot of things. One thing it doesn't do is provide every homeowner \$328 in relief.

EXCISE TAX (cont'd)

Lewiston's Tax Collector Paul Labrecque testified in opposition to LD 345 along with MMA. Mr. Labrecque provided the Committee with detailed information regarding the history, structure, and application of the motor vehicle excise tax, and strongly opposed abandoning the current uniform system for the purchase-price approach. MMA reminded the Committee that motor vehicle excise tax revenues are used to construct and maintain 13,000 miles of roadways in Maine, and the degree to which the Legislature decides to reduce this relatively progressive form of local tax revenue, it will be increasing the burden of the most regressive form of taxation in Maine, which is the property tax.

The Committee's work session on LD 345 is scheduled for Monday, February 28th.