



128th MAINE LEGISLATURE

LD 959

LR 1861(01)

An Act To Expand Property Tax Relief for Maine Residents

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Sen. Chenette of York

Committee: Taxation

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

Potential future biennium revenue decrease - General Fund

	FY 2017-18	FY 2018-19	Projections FY 2019-20	Projections FY 2020-21
Appropriations/Allocations				
Other Special Revenue Funds	\$500	\$500	\$500	\$500

Fiscal Detail and Notes

The bill establishes the Property Tax Fairness Credit Fund. The Department of Administrative and Financial Services will need a base Other Special Revenue Funds allocation to allow expenditure of any proceeds received by the Fund.

The bill requires a portion of any unappropriated surplus of the General Fund, also known as the Cascade, be transferred at the close of each fiscal year to the Property Tax Fairness Credit Fund. By November 1, 2018 and annually thereafter, the State Tax Assessor shall calculate the percentage by which the maximum credit may be increased during the subsequent tax year using the amount available from the Fund. The bill does not provide for maximum credit increases in years in which there are no transfers to the Fund.

If the proposal had been in effect for fiscal year 2015-16, approximately \$220,000 would have been transferred to the Fund. That transfer would have reduced the transfers to the Maine Budget Stabilization Fund and Tax Relief Fund for Maine Residents. Any changes to the maximum credit are self-funding in the short term but not in the long term, since the new maximum credit would reduce revenue in future fiscal years without a corresponding offset. As a result, the existence of an unappropriated surplus would result in an increase to the maximum credit and reduce General Fund revenue in all future fiscal years. The amount of any potential increase cannot be estimated at this time.