

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## **An Act To Aid Municipalities and the Unorganized Territory in the Reduction of Property Taxes**

**Be it enacted by the People of the State of Maine as follows:**

**Sec. 1. 30-A MRS §5686** is enacted to read:

### **§ 5686. Local sales tax increment disbursement**

**1. Local sales tax increment.** Beginning in fiscal year 2010-11, the State Tax Assessor shall gather and maintain information that demonstrates the amount of revenue and the amount of local sales tax increment for each fiscal year that is attributable to each municipality and the unorganized territory under Title 36, Part 3. For the purposes of this section, "local sales tax increment" means 10% of the increase in revenue attributable to a municipality or the unorganized territory under Title 36, Part 3 over the amount attributable to the municipality or the unorganized territory in fiscal year 2010-11.

**2. Transfers.** Beginning in fiscal year 2011-12, the State Tax Assessor shall certify to the State Controller by September 30th annually the local sales tax increment amounts needed to make payments under this section. The State Controller shall, within 15 days after the certification, transfer those amounts to a local sales tax increment account, which must be established for this purpose.

**3. Payments to municipalities and the unorganized territory.** The Treasurer of State shall pay by October 1st annually to each municipality and the Unorganized Territory Education and Services Fund under Title 36, section 1605, from the local sales tax increment account established pursuant to subsection 2 an amount equal to the local sales tax increment. If the local sales tax increment for a municipality or the unorganized territory is \$0 or less, a payment may not be made for that fiscal year. The State Treasurer shall pay the amount due under this section and provide an accounting of the amount to the municipality or the fiscal administrator of the unorganized territory no later than 6 months after the end of that fiscal year. The amount received under this section by a municipality or the fund may not reduce or be reduced by any other revenue sharing or state aid received by the municipality or the fund. An amount received by a municipality or the fund under this section must be used by the municipality or, for the unorganized territory, the Maine Land Use Regulation Commission, to reduce property tax levies in that municipality or the unorganized territory in an amount equal to the amount received in the fiscal year that the revenue is received.

### **SUMMARY**

This bill provides that, beginning in fiscal year 2010-11, 10% of sales tax revenue growth, which is the increase in sales tax revenue for that fiscal year over the amount of revenue generated in fiscal year 2010-11, must be returned to the municipality or unorganized territory where the growth occurred. The municipality or unorganized territory must use the amount received to reduce property tax levies.