



129th MAINE LEGISLATURE

LD 1713

LR 2496(03)

An Act To Return Funds to Maine Property Tax Payers

**Fiscal Note for Bill as Engrossed with:
C "A" (H-620)
Committee: Taxation**

Fiscal Note

State Mandate - Funded

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Appropriations/Allocations				
Other Special Revenue Funds	\$206,500	\$206,500	\$206,500	\$206,500

State Mandates

Required Activity

Requires the assessors to send a list of names and addresses of each property tax payer for each homestead.

Unit Affected

Municipality

Local Cost

\$20,000

The required local activities in this bill may represent a state mandate pursuant to the Constitution of Maine. If the bill does require a local unit of government to expand or modify its activities so as to necessitate additional expenditures from local revenue, the state mandate provisions of the Constitution of Maine require either: (1) General Fund appropriations be provided to fund at least 90% of any additional necessitated local costs of the mandate; or (2) a Mandate Preamble be added to the bill and two-thirds of the members of each House vote to exempt the mandate from the funding requirement. If the bill does represent a state mandate and neither one of these actions occurs, the local units of government will not be required to implement the mandated activities.

Fiscal Detail and Notes

The bill replaces the Tax Relief Fund for Maine Residents with the Property Tax Relief Fund for Maine Residents. As with the legacy Tax Relief Fund, the new Property Tax Relief Fund will be funded annually through the so-called "cascade", receiving 20% of the unappropriated surplus of the General Fund after all required deductions are made. Payments will be made to residents of the State whose residence qualifies for an exemption under the Maine homestead property tax exemption. The amount of the tax relief payment will be determined annually by dividing the total amount of funds available in the new Property Tax Relief Fund (net of administrative costs) by the number of homesteads that qualify for the Maine homestead property tax exemption. If that amount is at least \$100 per homestead, the Treasurer will mail tax relief checks to each qualifying homestead.

Assuming an estimated 305,500 homesteads in Maine, in order to trigger payments to property tax payers and to cover administrative costs, there would need to be approximately \$30,800,000 in the Fund. As of the end of May 2019, there was \$28,442,633 in the legacy Tax Relief Fund. This amount will likely be augmented at the close of fiscal year 2018-19 from distributions from the "cascade". The amount of any additional "cascade" distributions is not known at this time, therefore it is not known whether and when sufficient funds will be available in the Property Tax Relief Fund to make property tax relief payments to property tax payers.

The bill includes ongoing Other Special Revenue Funds allocations of \$500 beginning in fiscal year 2019-20 in the event that property tax relief payments are made. The bill also includes ongoing Other Special Revenue Funds allocations to the fund of \$186,000 beginning in fiscal year 2019-20 for the Office of Treasurer of State for printing and postage costs to mail property tax relief payments. Additionally, it also includes ongoing Other Special Revenue Funds allocations of \$20,000 beginning in fiscal year 2019-20 for the Office of Treasurer of State to reimburse municipalities for the mandated administrative costs of making relief payments.