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## **An Act To Provide Relief for Significant Reductions in Municipal Property Fiscal Capacity**

**Emergency preamble.** Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

**Whereas,** recent events have had an adverse effect on the operations of paper mills across the State; and

**Whereas,** school administrative units need to pass budgets for the 2016-2017 academic year prior to the start of the 128th Legislature; and

**Whereas,** the Legislature must take immediate action to prevent massive budget cuts or significantly increased property taxes in affected communities; and

**Whereas,** in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

**Sec. 1. 20-A MRSA §15672, sub-§23, ¶¶B and C,** as enacted by PL 2013, c. 203, §1, are amended to read:

B. For fiscal year 2014-15, the average of the certified state valuations for the 2 most recent years prior to the most recently certified state valuation; ~~and~~

C. ~~For~~Except as provided in paragraph D, for fiscal year 2015-16 and each subsequent fiscal year, the average of the certified state valuations for the 3 most recent years prior to the most recently certified state valuation; ~~and~~

**Sec. 2. 20-A MRSA §15672, sub-§23, ¶D** is enacted to read:

D. Beginning in fiscal year 2016-17, if a municipality's most recently certified state valuation is less than the property fiscal capacity under paragraph C, the average of the most recently certified state valuation for that municipality and the property fiscal capacity under paragraph C, as long as the State Tax Assessor has certified to the commissioner that the municipality's state valuation meets the conditions specified in Title 36, section 208-B.

**Sec. 3. 36 MRSA §208-B** is enacted to read:

### **§ 208-B. Decline in state certified valuation**

Beginning with the 2016 state valuation, if a municipality's most recently certified state valuation declines in an amount that is greater than 4.5% from the next most recently certified state valuation and that decline is due to the loss in value attributable to a single taxpayer, the State Tax Assessor shall certify to the Commissioner of Education that the municipality's certified state valuation qualifies under Title 20-A, section 15672, subsection 23, paragraph D.

**Sec. 4. Maintenance of mill rate for fiscal year 2016-17.** The Commissioner of Education shall identify savings resulting from unused debt service in order to maintain the mill rate expectation of 8.30 for fiscal year 2016-17 as established in Public Law 2015, chapter 389, Part C, section 11, pursuant to the Maine Revised Statutes, Title 20-A, section 15671-A.

**Emergency clause.** In view of the emergency cited in the preamble, this legislation takes effect when approved.

## SUMMARY

This bill changes the determination for property fiscal capacity as used to determine the amount of state aid a school administrative unit receives under the school funding formula if a municipality has experienced a decline in state valuation of at least 4.5% attributable to one taxpayer. Under this bill, the State Tax Assessor is required to certify to the Commissioner of Education when a municipality's state valuation has declined by at least 4.5% from the previous year's certified state valuation and the decline is due to the loss in value attributable to a single taxpayer. When those conditions have been met, the property fiscal capacity for that municipality is the average of the most recently certified state valuation and the certified state valuations for the 3 years prior to the most recently certified year.

This bill requires the Commissioner of Education to identify savings from unused debt service in order to maintain the mill rate expectation of 8.30 for fiscal year 2016-17.