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An Act To Restore to Five Percent the State-Municipal Revenue Sharing Distribution and Create a Matching Fund for Local Road and Bridge Construction, Maintenance and Reconstruction

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

Sec. 1. 30-A MRSA §5681, sub-§3, as amended by PL 2009, c. 213, Pt. S, §3 and affected by §16, is further amended to read:

3. Revenue-sharing funds. To strengthen the state-municipal fiscal relationship pursuant to the findings and objectives of subsection 1, there is established the Local Government Fund. To provide additional support for municipalities experiencing a higher-than-average property tax burden, there is established the Disproportionate Tax Burden Fund. To provide funding to municipalities for roads and bridge improvement projects, there is established the Local Infrastructure Fund.

Sec. 2. 30-A MRSA §5681, sub-§5, as amended by PL 2015, c. 267, Pt. K, §1, is further amended to read:

5. Transfers to funds. No later than the 10th day of each month, the State Controller shall transfer to the Local Government Fund ~~5%~~2% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8; and Title 36, section 2552, subsection 1, paragraphs A to F and L; and credited to the General Fund without any reduction, ~~except that for fiscal years 2015-16, 2016-17, 2017-18 and 2018-19 the amount transferred is 2%~~ and to the Local Infrastructure Fund 3% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8; and Title 36, section 2552, subsection 1, paragraphs A to F and L; and credited to the General Fund without any reduction, and except that the postage, state cost allocation program and programming costs of administering state-municipal revenue sharing may be paid by the Local Government Fund. A percentage share of the amounts transferred to the Local Government Fund each month must be transferred to the Disproportionate Tax Burden Fund and distributed pursuant to subsection 4-B as follows:

- C. For months beginning on or after July 1, 2009 but before July 1, 2010, 15%;
- D. For months beginning on or after July 1, 2010 but before July 1, 2011, 16%;
- E. For months beginning on or after July 1, 2011 but before July 1, 2012, 17%;
- F. For months beginning on or after July 1, 2012 but before July 1, 2013, 18%;
- G. For months beginning on or after July 1, 2013 but before July 1, 2014, 19%; and
- H. For months beginning on or after July 1, 2014, 20%.

Sec. 3. 30-A MRSA §5681, sub-§9 is enacted to read:

9. Local Infrastructure Matching Grant Program established. There is established in the Department of Transportation the Local Infrastructure Matching Grant Program, referred to in this subsection as "the program." The Department of Transportation shall administer the program to provide matching grants from the Local Infrastructure Fund to a municipality that undertakes projects for the maintenance, improvement or construction of roads or bridges in that municipality. The amount of a grant to a municipality may not exceed an amount that is in proportion to the product of the population of the municipality multiplied by the property tax burden of the municipality.

Sec. 4. Rulemaking. The Department of Transportation shall adopt routine technical rules as described in the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A to implement the Local Infrastructure Matching Grant Program established in Title 30-A, section 5681, subsection 9. The rules must specify the methods of applying for a grant and the standards that apply for qualifying infrastructure projects.

SUMMARY

This bill establishes the Local Infrastructure Fund and the Local Infrastructure Matching Grant Program, which is administered by the Department of Transportation to provide matching grants to a municipality that undertakes a project in that municipality to maintain, improve or construct roads or bridges. The fund is funded by continuing the temporary reduction of transfers to the Local Government Fund, so-called state-municipal revenue sharing, at 2% instead of 5% and requiring the other 3% of the revenue from taxes imposed on sales and income to be deposited in the Local Infrastructure Fund. The formula for determining the limit of a grant to a municipality is the same as the formula used to determine the distribution to a municipality from the Local Government Fund. The effect of this is to allow a municipality to receive 5% in revenue sharing, depending on the size of the infrastructure project undertaken by that municipality.