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Date:

(Filing No. H-)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
130TH LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 249, L.D. 351, “An Act Regarding Municipal Valuation and State-owned Property”

Amend the bill by striking out the title and substituting the following:

'An Act To Require the State To Make Payments in Lieu of Taxes to Municipalities with High Levels of State-owned Property'

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 36 MRSA §271, sub-§2, ¶A, as amended by PL 2019, c. 401, Pt. A, §4, is further amended by amending subparagraph (7) to read:

(7) The current use valuation of certain working waterfront land law, chapter 105, subchapter 10-A; ~~and~~

Sec. 2. 36 MRSA §271, sub-§2, ¶A, as amended by PL 2019, c. 401, Pt. A, §4, is further amended by amending subparagraph (8) to read:

(8) Section 209; and

Sec. 3. 36 MRSA §271, sub-§2, ¶A, as amended by PL 2019, c. 401, Pt. A, §4, is further amended by enacting a new subparagraph (9) to read:

(9) Section 662;

Sec. 4. 36 MRSA §662 is enacted to read:

§662. Payments in lieu of taxes

In order to alleviate the burden on municipalities with disproportionate amounts of state-owned property that is exempt from property tax, the State shall make a payment in lieu of taxes, as provided in this section, to a municipality in which the equalized value of state-owned property exceeds 10% of the total equalized value of taxable property in the municipality.

1 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
 2 following terms have the following meanings.

3 A. "Equalized municipal tax rate" means the tax rate that, when applied to the equalized
 4 value of all taxable property in a municipality, generates the same amount of property
 5 tax revenue as the municipal tax rate multiplied by the municipal value of all taxable
 6 property in the municipality.

7 B. "Equalized value" means the value of property valued at 100% of just value.

8 C. "State-owned property" means property that is exempt from taxation under section
 9 651, subsection 1, paragraph B.

10 **2. Valuation of state-owned property.** By April 1, 2022 and annually thereafter, the
 11 State Tax Assessor shall identify and determine the equalized value of all state-owned
 12 property and notify each municipality with state-owned property regarding those
 13 determinations. A municipality may appeal a determination of the State Tax Assessor to
 14 the State Board of Property Tax Review under chapter 101, subchapter 2-A.

15 **3. Payment in lieu of taxes.** If the total equalized value of all state-owned property
 16 in a municipality exceeds 10% of the total equalized value of all taxable property in the
 17 municipality as determined by the State Tax Assessor, the assessor shall calculate a
 18 payment to the municipality in lieu of taxes. The payment in lieu of taxes is equal to the
 19 equalized municipal tax rate multiplied by the amount by which the equalized value of
 20 state-owned property exceeds 10% of the total equalized value of all taxable property in
 21 the municipality.

22 **4. Process of payment.** By October 1, 2022 and annually thereafter, the State Tax
 23 Assessor shall notify the Treasurer of State of amounts owed to municipalities under this
 24 section, and the Treasurer of State shall pay the amount owed to each municipality by
 25 January 1, 2023 and annually thereafter.

26 **5. Unorganized territory.** A payment in lieu of taxes with regard to state-owned
 27 property in the unorganized territory must be determined and paid in the same manner
 28 provided for municipalities under this section.

29 **Sec. 5. Appropriations and allocations.** The following appropriations and
 30 allocations are made.

31 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

32 **Revenue Services, Bureau of 0002**

33 Initiative: Provides funding for one Principal Property Appraiser position and 2 temporary
 34 Principal Property Appraiser positions and related costs to process payments in lieu of taxes
 35 to municipalities.

36 GENERAL FUND	2021-22	2022-23
37 POSITIONS - LEGISLATIVE COUNT	1.000	1.000
38 Personal Services	\$229,554	\$103,002
39 All Other	\$24,984	\$10,174
40		
41 GENERAL FUND TOTAL	\$254,538	\$113,176

42 **Revenue Services, Bureau of 0002**

1 Initiative: Provides funding for payments in lieu of taxes to municipalities.

2	GENERAL FUND	2021-22	2022-23
3	All Other	\$0	\$10,000,000
4			
5	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$10,000,000</u>

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7 **ADMINISTRATIVE AND FINANCIAL**
8 **SERVICES, DEPARTMENT OF**
9 **DEPARTMENT TOTALS**

10		2021-22	2022-23
11	GENERAL FUND	\$254,538	\$10,113,176
12			
13	DEPARTMENT TOTAL - ALL FUNDS	<u>\$254,538</u>	<u>\$10,113,176</u>

14

15 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
16 number to read consecutively.

17

SUMMARY

18 This amendment is the minority report of the committee and replaces the bill. The
19 amendment requires the State to make a payment in lieu of taxes to municipalities where
20 the equalized value of state-owned property exceeds 10% of the equalized value of all
21 taxable property in the municipality. The same requirement is applied to the unorganized
22 territory. The amendment includes an appropriations and allocations section.

23

FISCAL NOTE REQUIRED

24

(See attached)