

## 127th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2015

**Legislative Document** 

No. 282

H.P. 200

House of Representatives, February 5, 2015

An Act To Modify the State Valuation of the Town of Madison To Reflect the Loss in Valuation of the Madison Paper Company, To Modify the State Valuation of the Town of Skowhegan To Reflect the Loss in Valuation of the S.D. Warren Company and To Amend the Law Governing School Subsidy Distribution in the Circumstance of Sudden Loss in Municipal Valuation

(EMERGENCY)

Reference to the Committee on Taxation suggested and ordered printed.

ROBERT B. HUNT

R(+ B. Hunt

Clerk

Presented by Representative McCABE of Skowhegan.
Cosponsored by Senator WHITTEMORE of Somerset and
Representatives: DUNPHY of Embden, FARRIN of Norridgewock, PICCHIOTTI of Fairfield,
SHORT of Pittsfield, SKOLFIELD of Weld, STETKIS of Canaan.

1 Emergency preamble. Whereas, acts and resolves of the Legislature do not 2 become effective until 90 days after adjournment unless enacted as emergencies; and Whereas, the value of property within a municipality is a major factor in the 3 4 calculation of municipal revenue sharing and general purpose aid for local schools; and 5 Whereas, the Town of Madison derives a large portion of its tax valuation from the presence of the Madison Paper Company, and the Town of Skowhegan derives a large 6 7 portion of its tax valuation from the presence of the S.D. Warren Company; and 8 Whereas, between the 2013 and 2014 tax years, the value of the Madison Paper Company has been reduced by \$149,700,000, representing 65% of its taxable value, and 9 10 the value of the S.D. Warren Company has been reduced by \$100,000,000, representing 18% of its taxable value, as a result of the weakness in the market for printed paper 11 products; and 12 Whereas, prior to this decrease, the Madison Paper Company represented 13 approximately 40% of the tax base of the Town of Madison, and the S.D. Warren 14 15 Company represented approximately 9.5% of the tax base of the Town of Skowhegan; 16 and Whereas, unless immediate action is taken to account for this decrease in valuation, 17 18 the Town of Madison and the Town of Skowhegan will experience the loss of significant revenues based on the decreased valuation of the Madison Paper Company and the S.D. 19 20 Warren Company; and 21 Whereas, in the absence of legislative action, the state valuation of the Town of Madison and the Town of Skowhegan will not be adjusted to reflect this significant 22 23 reduction in value for 2 years; and 24 Whereas, in the absence of legislative action, the distribution of general purpose aid 25 for local schools to Regional School Unit No. 59, a school unit composed entirely of the 26 Town of Madison, and to Regional School Unit No. 54, a school unit composed of the 27 towns of Skowhegan, Canaan, Cornville, Mercer, Smithfield and Norridgewock, will be 28 calculated on the basis of an inaccurate equalized valuation for at least 3 years; and 29 Whereas, in the judgment of the Legislature, these facts create an emergency within 30 the meaning of the Constitution of Maine and require the following legislation as 31 immediately necessary for the preservation of the public peace, health and safety; now, 32 therefore, 33 Be it enacted by the People of the State of Maine as follows: **Sec. 1. 20-A MRSA §15672, sub-§23, ¶C,** as enacted by PL 2013, c. 203, §1, is 34 35 amended to read: 36 C. For fiscal year 2015-16 and each subsequent fiscal year, the average of the 37 certified state valuations for the 3 most recent years prior to the most recently

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certified state valuation, except that, for a municipality that has experienced a net

reduction in equalized municipal valuation of at least 2% from the equalized municipal valuation of the previous year, "property fiscal capacity" means the most recently certified state valuation.

**Sec. 2. Modify 2015 state valuations.** Notwithstanding the Maine Revised Statutes, Title 36, the 2015 state valuations for the Town of Madison and the Town of Skowhegan for the purposes of calculating state-municipal revenue-sharing funds and the distribution of general purpose aid for local schools must be based on a valuation that values the property of the Madison Paper Company in the Town of Madison at \$80,000,000 and values the property of the S.D. Warren Company in the Town of Skowhegan at \$463,224,200.

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

13 SUMMARY

Current law provides that the property fiscal capacity of a municipality for purposes of determining school funding under the Essential Programs and Services Funding Act is the average of the certified state valuations for the 3 most recent years prior to the most recently certified state valuation. This bill provides an exception for a municipality that has experienced a net reduction in equalized municipal valuation of at least 2% from the previous year that sets the property fiscal capacity at the most recently certified state valuation.

It also provides that the 2015 state valuation for the Town of Madison for the purposes of calculating state-municipal revenue-sharing funds and the distribution of general purpose aid for local schools must be based on a valuation that values the property of the Madison Paper Company in the Town of Madison at \$80,000,000 and the property of the S.D. Warren Company in the Town of Skowhegan at \$463,224,200.