

## OFFICE OF FISCAL AND PROGRAM REVIEW

Date: May 13, 2013  
To: Members, Joint Standing Committee on Taxation  
From: Elizabeth Cooper, Legislative Analyst  
Re: Final Amendment Review – LD 401

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An amendment and a fiscal note for LD 401 are attached for your review.

### **LD 401, An Act To Provide Local Sales Tax Increment Disbursements**

- The Committee voted OTPA\ONTTP on April 11, 2013.
- The amendment requires the State Tax Assessor to determine the amount of the local sales tax increment based on available taxable retail sales data as derived from state sales tax collections excluding data reported in the categories of lodging and restaurants rather than gather and maintain information.
- The amendment also requires that the base year for determining the local sale tax increment to be reset every 4 years and clarifies that the municipality or fiscal administrator of the unorganized territory must use the local sales tax increment payments received to reduce property taxes.
- The amendment includes a fiscal note, which indicates this may be a municipal mandate.
- This fiscal note indicates that this bill will reduce General Fund and Other Special Revenue Funds revenue annually beginning in FY 2016-17. The General Fund revenue reduction in FY 2016-17 will be \$1,757,264. Municipal Revenue Sharing will be reduced by \$92,672 and the transfer to the Multimodal Transportation Fund will be reduced by \$3,500 in FY 2016-17.

Please let me know if you have any questions or concerns.

5/14/13  
ROBS

L.D. 401

Date:

5/14/13

Majority

(Filing No. H-1666)

TAXATION

Reproduced and distributed under the direction of the Clerk of the House.

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
126TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 276, L.D. 401, Bill, "An Act To Provide Local Sales Tax Increment Disbursements"

Amend the bill in section 1 in §5686 by striking out all of subsection 1 (page 1, lines 4 to 10 in L.D.) and inserting the following:

'1. Local sales tax increment. Beginning with fiscal year 2014-15, the State Tax Assessor shall, based on available taxable retail sales data as derived from state sales tax collections, excluding taxable retail sales data for lodging and restaurants, determine the amount of sales tax revenue and the amount of the local sales tax increment for each fiscal year that is attributable to each municipality and the unorganized territory under Title 36, Part 3. For the purposes of this section, "local sales tax increment" means 5% of the increase in revenue attributable to a municipality or the unorganized territory under Title 36, Part 3 over the amount attributable to the municipality or the unorganized territory in fiscal year 2014-15 and every 4th year thereafter.'

Amend the bill in section 1 in §5686 in subsection 3 by striking out all of the last sentence (page 1, lines 26 to 29 in L.D.) and inserting the following: 'A municipality or the fiscal administrator of the unorganized territory shall reduce the property tax levy in an amount equal to the payments received under this section in the fiscal year that the local sales tax increment revenue is received.'

Amend the bill by adding after section 1 the following:

**'Sec. 2. Appropriations and allocations.** The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF  
Revenue Services, Bureau of 0002**

Initiative: Provides a one-time General Fund appropriation to the Bureau of Revenue Services for administrative and technology costs associated with administering a local sales tax increment disbursement program.

**COMMITTEE AMENDMENT**

**R O F S**

COMMITTEE AMENDMENT "A" to H.P. 276, L.D. 401

1	<b>GENERAL FUND</b>	<b>2013-14</b>	<b>2014-15</b>
2	All Other	\$54,000	\$0
3			
4	<b>GENERAL FUND TOTAL</b>	<u>\$54,000</u>	<u>\$0</u>
5			

**SUMMARY**

7           This amendment requires the State Tax Assessor to determine the amount of the local  
8 sales tax increment based on available taxable retail sales data as derived from state sales  
9 tax collections excluding data reported in the categories of lodging and restaurants. The  
10 bill requires the State Tax Assessor to gather and maintain information that demonstrates  
11 the amount of revenue and the amount of local sales tax increment for each fiscal year  
12 that is attributable to each municipality and the unorganized territory. The amendment  
13 requires that the base year for determining the local sales tax increment be reset every 4  
14 years. It clarifies that the municipality or fiscal administrator of the unorganized territory  
15 must use the local sales tax increment payments received to reduce property taxes.

16           The amendment also adds an appropriations and allocations section.

**FISCAL NOTE REQUIRED**

(See attached)



# 126th MAINE LEGISLATURE

LD 401

LR 1095(02)

## An Act To Provide Local Sales Tax Increment Disbursements

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-1666)  
Committee: Taxation  
Fiscal Note Required: Yes

### Fiscal Note

State Mandate - Unfunded

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
<b>Net Cost (Savings)</b>				
General Fund	\$54,000	\$0	\$0	\$1,757,264
<b>Appropriations/Allocations</b>				
General Fund	\$54,000	\$0	\$0	\$0
<b>Revenue</b>				
General Fund	\$0	\$0	\$0	(\$1,757,264)
Other Special Revenue Funds	\$0	\$0	\$0	(\$96,172)

### State Mandates

Required Activity	Unit Affected	Local Cost
Municipalities will be required to reduce the property tax levy in an amount equal to the payments received from the local sales tax increment revenue. Administrative duties would include accounting for the new revenue source and calculating the reduction to the mill rate that would represent that amount of revenue each year.	Municipality	Insignificant statewide

The required local activities in this bill may represent a State mandate pursuant to the Constitution of Maine. Unless General Fund appropriations are provided to fund at least 90% of the additional costs or a Mandate Preamble is amended to the bill and two-thirds of the members of each House vote to exempt this mandate from the funding requirement, municipalities may not be required to implement these changes.

### Fiscal Detail and Notes

This bill will reduce General Fund and Other Special Revenue Funds revenue annually beginning in FY 2016-17. The General Fund revenue reduction in FY 2016-17 will be \$1,757,264. Municipal Revenue Sharing will be reduced by \$92,672 and the transfer to the Multimodal Transportation Fund will be reduced by \$3,500 in FY 2016-17.

CA(H-166)

The bill includes a one-time General Fund appropriation for the Bureau of Revenue Services of \$54,000 in FY 2013-14 to pay for reporting changes, printing and postage costs related to administering the local sales tax increment disbursement program.