

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

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H.P. 1573

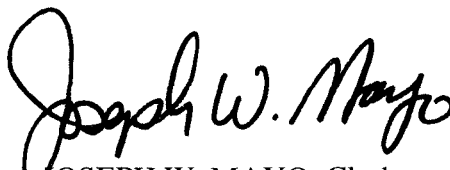
House of Representatives, May 5, 1999

An Act to Restore Majority State Funding of Public Education in Maine.

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committees on Taxation and Education and Cultural Affairs suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative BRENNAN of Portland.
Cosponsored by President LAWRENCE of York and
Representatives: BAKER of Bangor, Speaker ROWE of Portland, SAXL of Portland, SHIAH
of Bowdoinham, Senators: BERUBE of Androscoggin, MURRAY of Penobscot, PINGREE
of Knox, RAND of Cumberland.

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

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Sec. 1. 36 MRSA §1811, ¶¶ 3, 4 and 5, as enacted by PL 1993, c. 410, Pt. KKKK, §1, is amended to read:

On or before May 15th of each year, the State Budget Officer shall present a final estimate of General Fund revenues for the current fiscal year, taking into consideration an estimate of the Revenue Forecasting Committee. If estimated General Fund revenues for the current fiscal year exceed those of the prior fiscal year by 8% or more, on a base-to-base comparison excluding one-time revenue gains and losses, revenue in an amount equivalent to that generated by 0.5% of the tax on the sale of personal property and taxable services taxed at a rate of 6% on the effective date of this paragraph must be transferred by the State Controller to the Maine Rainy Day Fund as described in this section if the program for general purpose aid for local schools, referred to in this section as "GPA," provides in excess of 51% of the State's kindergarten, elementary and secondary school actual operating and program costs and debt service. If the GPA provides 51% or less of the State's kindergarten, elementary and secondary school actual operating and program costs and debt service, revenue in an amount equivalent to that generated by 0.5% of the tax on the sale of personal property and taxable services taxed at a rate of 6% on the effective date of this paragraph must be transferred by the State Controller to the GPA with the exception of funds previously dedicated to municipal revenue sharing.

Each month following a fiscal year during which General Fund revenues exceed those of the previous fiscal year by 8% or more, on a base-to-base comparison excluding one-time revenue gains and losses, the State Controller shall transfer an amount equivalent to that generated over the preceding month by 0.5% of the tax on the sale of personal property and taxable services taxed at a rate of 6% on the effective date of this paragraph to the Maine Rainy Day Fund until such time as the tax imposed by this chapter is reduced if the GPA provides in excess of 51% of the State's kindergarten, elementary and secondary school actual operating and program costs and debt service. If the GPA provides 51% or less of the State's kindergarten, elementary and secondary school actual operating and program costs and debt service, revenue in an amount equivalent to that generated by 0.5% of the tax on the sale of personal property and taxable services taxed at a rate of 6% on the effective date of this paragraph must be transferred by the State Controller to the GPA with the exception of funds previously dedicated to municipal revenue sharing until such time as the tax imposed by this chapter is reduced. All payments made to the GPA under this chapter must be included in the GPA base appropriation for future budget years.

If General Fund revenues for any fiscal year, as determined

2 by the State Controller at the close of the fiscal year following
the end of that fiscal year, exceed those of the previous fiscal
4 year by 8% or more, on a base-to-base comparison excluding
one-time revenue gains and losses, the tax on the sale of those
6 tangible personal property and taxable services taxed at a rate
of 6% on the effective date of this paragraph shall must fall by
8 0.5% on the subsequent October 1st, unless the Legislature takes
action to prevent the reduction, the sales tax is at a rate of 5%
10 or lower or the GPA provides 51% or less of the State's
kindergarten, elementary and secondary school actual operating
and program costs and debt service.

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14 **Sec. 2. Application.** If on the effective date of this Act the
Maine Rainy Day Fund has received any funds during the fiscal
16 year ending June 30, 2000, pursuant to the Maine Revised
Statutes, Title 36, section 1811, the State Controller shall
18 transfer these funds to the general purpose aid for local schools
program.

20 SUMMARY

22 Current law requires that revenue derived from 0.5% of the
sales tax be transferred to the Maine Rainy Day Fund for each
24 month following a fiscal year in which General Fund revenue
exceeds 8% of projection and that the following October this
26 transfer be replaced with a drop of 0.5% in the rate of the sales
tax. This law amends current law to require that:

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30 1. An amount equal to that generated by 0.5% of the sales
tax be transferred into the program for the general purpose aid
32 for local schools, referred to in this summary as "GPA" rather
than the Maine Rainy Day Fund if the GPA provides 51% or less of
34 the State's kindergarten, elementary and secondary school actual
operating and program costs and debt service;

36 2. Any funds provided to the GPA pursuant to this bill must
be built into the GPA's base appropriation for future budget
38 years;

40 3. The transfer to the GPA does not include funds dedicated
to municipal revenue sharing;

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44 4. That the tax rate may not be lowered if the tax rate is
5% or lower or if the GPA provides 51% or less of the State's
46 kindergarten, elementary and secondary school actual operating
and program costs and debt service; and

48 5. That any funds transferred to the Maine Rainy Day Fund
under current law for the fiscal year ending June 30, 2000 be
50 transferred to the GPA.