

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 1372

I.B. 3

House of Representatives, March 18, 2003

An Act To Enact the School Finance and Tax Reform Act of 2003

Transmitted to the Clerk of the 121st Maine Legislature by the Secretary of State on
February 19, 2003 and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

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

4 **Sec. 1. 20-A MRSA c. 606-C is enacted to read:**

6 **CHAPTER 606-C**

8 **SCHOOL FINANCE ACT OF 2003**

10 **§15681. Short title**

12 This chapter may be known and cited as the "School Finance Act of 2003."

14 **§15682. Mandated legislative appropriations for kindergarten to grade 12 education**

16 Notwithstanding any other provision of law, the Legislature
18 each year shall provide at least 55% of the cost of the total
20 allocation for kindergarten to grade 12 education from General
Fund revenue sources.

22 For the purpose of this chapter, and until such time as the
24 Legislature may implement an alternative school funding system,
26 "total allocation" means the foundation allocation for a year,
28 the debt service allocation for that year, the sum of all
30 adjustments for that year and the total of the additional local
32 appropriations for the prior year. In the event the Legislature
34 implements an alternative school funding model that alters the
meaning of the terms used in this Title or otherwise makes
obsolete the system of allocations and local appropriations
established by this Title, the term "total allocation" as it
applies to the mandatory appropriation required by this section
means the amount reasonably calculated as the equivalent of this
definition.

36 **§15683. Mandated legislative appropriations for special education**

38 Notwithstanding any other provision of law, the Legislature
40 shall provide 100% of the state and local cost of providing all
42 special education services mandated under federal or state law,
rule or regulation.

44 For the purposes of the mandatory appropriation required by
46 this section, the commissioner shall identify and provide in the
48 commissioner's recommendation pursuant to section 15605 the total
50 costs to the individual school administrative units associated
with providing all special education services mandated under
federal or state law, rule or regulation for the school year
concluding on the previous June 30th. In addition to any
appropriations required by section 15607, the Legislature shall

2 appropriate and ensure the accurate distribution of the total
4 amount identified by the commissioner, adjusted by the actual
6 state and federal reimbursements for the costs of special
8 education services mandated by federal or state law, rule or
10 regulation and previously provided to the individual school
12 administrative units for that same school year.

8 **§15684. Fund for the Efficient Delivery of Educational Services**

10 The Fund for the Efficient Delivery of Educational Services,
12 referred to in this section as "the fund," is established.

14 Two percent of the funds annually appropriated pursuant to
16 this chapter must be dedicated to the fund and distributed from
18 the fund to those school administrative units and municipalities
20 that can demonstrate significant and sustainable savings in the
22 cost of delivering educational services through changes in
24 governance, administrative structure or adopted policy that
26 result in the creation of consolidated school administrative
28 units, broad-based purchasing alliances, enhanced regional
30 delivery of educational services or collaborative
32 school-municipal service delivery or service support systems.

24 **§15685. Entitlement**

26 The State's school administrative units and municipalities
28 are entitled to the appropriations required by this chapter.

30 **Sec. 2. 30-A MRSA §5681, sub-§3,** as amended by PL 1999, c.
32 731, Pt. U, §2, is further amended to read:

34 **3. Revenue-sharing funds.** To strengthen the
36 state-municipal fiscal relationship pursuant to the findings and
38 objectives of subsection 1, there is established the Local
40 Government Fund. To provide additional support for
42 municipalities experiencing a higher-than-average property tax
burden, there is established the Disproportionate Tax Burden
Fund. To assist those municipalities that collaborate with other
municipalities, counties or state agencies to obtain savings in
the cost of delivering local and regional governmental services
there is established the Fund for the Efficient Delivery of Local
and Regional Services.

44 **Sec. 3. 30-A MRSA §5681, sub-§5-B** is enacted to read:

46 **5-B. Fund for the Efficient Delivery of Local and Regional**
48 **Services.** For the months beginning on or after July 1, 2004 and
50 before the distributions required by subsections 4-A and 4-B, 2%
of all receipts transferred each month pursuant to subsection 5
must be deposited in the Fund for the Efficient Delivery of Local

2 and Regional Services, as established in subsection 3, and
3 distributed to those municipalities that can demonstrate
4 significant and sustainable savings in the cost of delivering
5 local and regional governmental services through collaborative
6 approaches to service delivery, enhanced regional delivery
7 systems, the consolidation of administrative services, the
8 creation of broad-based purchasing alliances or the execution of
9 interlocal agreements.

10 **Sec. 4. Legislative duties.** In carrying out its duties under
11 this Act, the Legislature and its joint standing committees shall
12 act to provide substantial property tax relief statewide in a
13 manner that is sustained over time, reduce unnecessary spending,
14 provide tax reform, avoid adding to the overall tax burden of
15 citizens of this State and coordinate those efforts among the
16 school administrative units and local and regional governments.

17
18 **1. State tax revenue.** As soon as possible, but no later
19 than March 1, 2004, the joint standing committee of the
20 Legislature having jurisdiction over taxation matters shall
21 report out revenue-neutral legislation designed in accordance
22 with the intentions of this Act to generate the additional
23 revenue necessary to provide adequate funding for public
24 education from kindergarten to grade 12 pursuant to the Maine
25 Revised Statutes, Title 20-A, chapter 606-C. The legislation may
26 not defeat the intent of this Act by reducing, freezing,
27 eliminating or otherwise restricting the state revenues,
28 appropriations or reimbursements that historically have been
29 provided to or shared with municipalities, including without
30 limitation: state-municipal revenue sharing established in Title
31 30-A, chapter 223, subchapter 2; property tax homestead exemption
32 reimbursement established in Title 36, chapter 105, subchapter
33 4-B; the County Jail Prisoner Support and Community Corrections
34 Fund established in Title 34-A, section 1210-A; the tree growth
35 tax reimbursement program established in Title 36, section 578;
36 the general assistance reimbursement program established in Title
37 22, section 4311; and the Rural Road Initiative and Urban Compact
38 Initiative established in Title 23, section 1803-B.

39
40 **2. Fund for the Efficient Delivery of Educational**
41 **Services.** As soon as possible, but no later than March 1, 2004,
42 the joint standing committee of the Legislature having
43 jurisdiction over education matters shall report out legislation
44 designed in accordance with the intentions of this Act to govern
45 the design, implementation, management and oversight of the Fund
46 for the Efficient Delivery of Educational Services established in
47 the Maine Revised Statutes, Title 20-A, section 15684.
48

2 This initiated bill also directs the Legislature to develop
the necessary implementing legislation to provide for the
4 necessary state revenue to meet the State's obligation to support
public education without undermining existing municipal support
6 systems such as municipal revenue sharing, the property tax
homestead exemption and local road assistance, among others.

8
10 Finally, this initiated bill directs the Legislature to
develop a comprehensive plan as soon as possible but no later
than March 1, 2004 that integrates the efforts of state, county
12 and local government and schools to reduce unnecessary spending,
identifies cost savings in the delivery of governmental services
14 and otherwise addresses the issue of the overall tax burden in
this State.