

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 945

S.P. 296

March 1, 2007

**An Act To Require the State's Share of Local Aid to Education To
Be Used for Property Tax Relief**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator TURNER of Cumberland.

Cosponsored by Senator: RAYE of Washington, Representatives: CAIN of Orono, GILES of Belfast, MILLETT of Waterford, WOODBURY of Yarmouth.

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

2 **Sec. 1. 20-A MRSA §15671-A, sub-§5, ¶A**, as enacted by PL 2005, c. 2, Pt. D,
3 §35 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is amended to read:

4 A. The article approving the additional amount must conform to the requirements of
5 section 15690, subsection 3, paragraph B. Notwithstanding section 1304, subsection
6 6; section 1701, subsection 7; Title 30-A, section 2528, subsection 5, or any other
7 provision of law, municipal charter provision or ordinance, voter approval of the
8 article, whether in town meeting, district meeting or other voting process established
9 by law, municipal charter or ordinance, including, but not limited to, any vote on the
10 article initiated by voter petition, must be by referendum ~~or written ballot~~ initiated by
11 a petition requesting a vote on the additional amount signed by at least 10% of the
12 number of voters voting in the last gubernatorial election in the municipality. The
13 election must be held within 45 days of the submission of the petition. The election
14 must be called, advertised and conducted according to the law relating to municipal
15 elections, except that the registrar of voters is not required to prepare or the clerk to
16 post a new list of voters and absentee ballots must be prepared and made available at
17 least 14 days prior to the date of the referendum. For the purpose of registration of
18 voters, the registrar of voters must be in session the secular day preceding the
19 election. The voters shall indicate by a cross or check mark placed against the word
20 "Yes" or "No" their opinion on the article. The results must be declared by the
21 municipal officers and entered upon the municipal records.

22 **Sec. 2. 20-A MRSA §15671-A, sub-§5, ¶B**, as amended by PL 2005, c. 12, Pt.
23 WW, §3 and affected by §18, is repealed.

24 **Sec. 3. 36 MRSA §507, first ¶**, as amended by PL 1997, c. 643, Pt. HHH, §2 and
25 affected by §10, is further amended to read:

26 When a municipality issues a property tax bill to each taxpayer, each bill must
27 contain a statement or calculation that demonstrates the amount or percentage by which
28 the taxpayer's tax has been reduced by the distribution of state-municipal revenue sharing,
29 state reimbursement for the Maine resident homestead property tax exemption and state
30 aid for education and that specifically identifies the amount of any mill rate reduction
31 calculated under section 508 attributable to increased state education funding. The
32 property tax bill must contain a statement of the assessed value of a homestead, before
33 and after the calculation of a Maine resident homestead property tax exemption, and the
34 amount of the exemption applied to the homestead. The State Tax Assessor shall
35 annually provide each municipality with the amount of state-municipal revenue sharing
36 and state aid for education subject to identification under this section.

37 **Sec. 4. 36 MRSA §508** is enacted to read:

38 **§508. Mill rate reduction due to increased state aid to education**

39 Municipal property taxes must be reduced by 90% of the amount of additional state
40 funding made available according to the following procedures.

1 **1. State notice.** Beginning in fiscal year 2007-08, the Commissioner of Education
2 shall notify each school administrative unit by April 15th annually of any projected
3 increase in state education funding to the unit for the next fiscal year over the current year
4 as a result of the increase in the state share of the cost of essential programs and services
5 under Title 20-A, chapter 606-B.

6 **2. School administrative unit notice.** By May 1st annually each school
7 administrative unit shall notify each municipality within the jurisdiction of the school
8 administrative unit of the municipality's share of the cost of education calculated:

9 A. With any additional funding identified under subsection 1; and

10 B. As it would be calculated without additional funding identified under subsection
11 1.

12 **3. Municipal reduction.** Each municipality shall establish a separate fund dedicated
13 to reducing the property tax containing the amounts determined by subtracting the
14 amount determined under subsection 2, paragraph B from the amount determined under
15 subsection 2, paragraph A. When calculating the municipal mill rate for the next fiscal
16 year for which local property taxes are calculated, the municipality shall reduce its
17 commitment for property taxes by the amount available in the fund.

18 SUMMARY

19 This bill proposes that, beginning with fiscal year 2007-08, 90% of the growth in the
20 State's share of local aid to education must be used to reduce the municipal property tax.
21 The bill also provides that spending limits for local school administrative units may only
22 be exceeded by a voter referendum called by petition of at least 10% of the number of
23 voters at the last election for Governor.