

MAINE STATE LEGISLATURE

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Date: 4/2/26 Majority (Filing No. H-967) L.D. 1892

EDUCATION AND CULTURAL AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
132ND LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1263, L.D. 1892, "An Act to Establish Procedures for School Construction Projects"

Amend the bill by striking out the title and substituting the following:

'An Act Regarding Funding for School Construction'

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 20-A MRSA §15905, sub-§1, ¶A, as amended by PL 2023, c. 462, §1, is further amended to read:

A. The state board may approve projects as long as no project approval will cause debt service costs, as defined in section 15672, subsection 2-A, paragraph A and pursuant to rules adopted in accordance with Resolve 2007, chapter 223, section 4, to exceed the maximum limits specified in Table 1 and Table 2 in subsequent fiscal years.

Table 1
Major Capital Integrated, Consolidated
Secondary and Postsecondary
Project

Fiscal year	Maximum Debt Service Limit	Maximum Debt Service Limit
1990	\$ 48,000,000	
1991	\$ 57,000,000	
1992	\$ 65,000,000	
1993	\$ 67,000,000	
1994	\$ 67,000,000	
1995	\$ 67,000,000	
1996	\$ 67,000,000	
1997	\$ 67,000,000	
1998	\$ 67,000,000	
1999	\$ 69,000,000	
2000	\$ 72,000,000	

COMMITTEE AMENDMENT

COMMITTEE AMENDMENT "A" to H.P. 1263, L.D. 1892

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1	2001	\$ 74,000,000	
2	2002	\$ 74,000,000	
3	2003	\$ 80,000,000	
4	2004	\$ 80,000,000	
5	2005	\$ 84,000,000	
6	2006	\$ 90,000,000	
7	2007	\$ 96,000,000	
8	2008	\$100,000,000	
9	2009	\$104,000,000	
10	2010	\$108,000,000	
11	2011	\$126,000,000	
12	2012	\$116,000,000	
13	2013	\$116,000,000	
14	2014	\$126,000,000	\$10,000,000
15	2015	\$126,000,000	\$10,000,000
16	2016	\$126,000,000	\$10,000,000
17	2017	\$126,000,000	\$10,000,000
18	2018	\$126,000,000	\$10,000,000
19	2019	\$126,000,000	\$10,000,000
20	2020	\$126,000,000	\$20,000,000
21	2021	\$126,000,000	\$20,000,000
22	2022	\$126,000,000	\$20,000,000
23	2023	\$126,000,000	\$20,000,000

Table 2

Fiscal year	Maximum Debt Service Limit
2024	\$150,000,000
2025	\$150,000,000
2026	\$150,000,000
2027	\$150,000,000
<u>2028</u>	<u>\$188,779,298</u>
<u>2029</u>	<u>\$194,442,677</u>
<u>2030</u>	<u>\$200,275,957</u>
<u>2031</u>	<u>\$206,284,236</u>

Sec. 2. 20-A MRSA §15905, sub-§1, ¶C is enacted to read:

C. Beginning in fiscal year 2027-28 and in each subsequent fiscal year, debt service costs paid by the department above the fiscal year 2027-28 maximum debt service limit established in paragraph A may not be included in the total cost of education calculated pursuant to chapter 606-B. For the purposes of this paragraph, "debt service costs" has the same meaning as in section 15672, subsection 2-A and includes principal and interest costs for approved major capital projects, excluding payments made with funds from state and local government accounts established under the federal Internal Revenue Code of 1986 and regulations for disposition of excess, unneeded proceeds of bonds issued for a school project and excluding any principal and interest costs attributable to a school closed for lack of need pursuant to chapter 202.

Sec. 3. 20-A MRSA §15919 is enacted to read:

COMMITTEE AMENDMENT

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§15919. School Construction Accelerator Fund

1. Fund established. The School Construction Accelerator Fund, referred to in this section as "the fund," is established as a nonlapsing fund within the department and operated in conjunction with the state board for the purpose of awarding funding to school administrative units for immediate heating, ventilation or air-conditioning system repair needs or roof repair needs in schools.

2. Rulemaking. The state board, in consultation with the department, shall adopt rules for the awarding of funds to school administrative units from the fund, which must include award eligibility guidelines. Rules adopted under this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

3. Funding. Beginning in fiscal year 2027-28 and in each subsequent fiscal year, the State Controller shall transfer to the fund 50% of the unobligated balances from amounts appropriated for general purpose aid for local schools that would otherwise be carried forward.

Sec. 4. 30-A MRSA §6006-F, sub-§2, ¶A, as enacted by PL 1997, c. 787, §13, is amended to read:

A. Sums that may be appropriated by the Legislature or transferred to the fund by the Treasurer of State and funds that may be provided pursuant to subsection 2-A;

Sec. 5. 30-A MRSA §6006-F, sub-§2-A is enacted to read:

2-A. Funding. At the end of fiscal year 2026-27 and the close of each fiscal year thereafter, the State Controller shall transfer to the fund up to \$50,000,000 from the unbudgeted lapsed General Fund balances at the close of each fiscal year and the remaining balance for a total of \$50,000,000 from the unbudgeted surplus of the General Fund.

Sec. 6. Cost-sharing formula; rulemaking. No later than July 1, 2027, the State Board of Education shall, in consultation with the Department of Education, adopt rules establishing a cost-sharing formula for funding major school construction projects. The formula must take into account a municipality's ability to pay and a school administrative unit's consolidation policies and include a timeline for implementation. The rules must apply only to projects submitted to the state board for approval on or after July 1, 2027. Rules adopted under this section are major substantive rules as defined in the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A.

Sec. 7. Department of Education and Maine Municipal Bond Bank to adopt rules; School Revolving Renovation Fund. The Department of Education and the Maine Municipal Bond Bank shall adopt rules to increase to \$8,000,000 the limit on the maximum loan amount from the School Revolving Renovation Fund, established in the Maine Revised Statutes, Title 30-A, section 6006-F, to address each priority in a school building within a 5-year period. Notwithstanding Title 30-A, section 6006-F, subsection 8, rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 8. Department of Education to convene working group; report. The Department of Education shall convene a working group to make recommendations related to school construction. The membership of the working group must include the following:

- 1. The Commissioner of Education or the commissioner's designee;

- 1 2. The Commissioner of Administrative and Financial Services or the commissioner's
- 2 designee;
- 3 3. One member representing the Maine Health and Higher Educational Facilities
- 4 Authority;
- 5 4. The chair of the State Board of Education;
- 6 5. One superintendent at a public school in the State;
- 7 6. One member representing the Maine Municipal Association; and
- 8 7. One member who served on the Governor's Commission on School Construction,
- 9 established by Executive Order 1 FY 24/25.

10 The working group shall make recommendations related to any objectives, strategies

11 and actions identified by the Governor's Commission on School Construction in a report

12 issued by the commission February 10, 2026. The working group shall additionally make

13 recommendations related to administrative and financial changes, including any suggested

14 legislation, necessary to increase school construction in the State. The Department of

15 Education shall submit a report related to the findings and recommendations of the working

16 group to the joint standing committee of the Legislature having jurisdiction over education

17 matters, to the joint standing committee of the Legislature having jurisdiction over

18 appropriations and financial affairs and to the Governor by January 15, 2027. The joint

19 standing committee having jurisdiction over education matters may report out a bill related

20 to the report to the 133rd Legislature in 2027.

21 **Sec. 9. Appropriations and allocations.** The following appropriations and

22 allocations are made.

23 **EDUCATION, DEPARTMENT OF**

24 **School Construction Accelerator Fund N579**

25 Initiative: Provides a baseline allocation for the purpose of awarding funding to school

26 administrative units for immediate heating, ventilation or air conditioning system repair

27 needs or roof repair needs in schools.

28 OTHER SPECIAL REVENUE FUNDS	2025-26	2026-27
29 All Other	\$0	\$500
30		
31 OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$500

32

33 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section

34 number to read consecutively.

35 **SUMMARY**

36 This amendment, which is the majority report of the committee, replaces the bill and

37 changes the title. It makes the following changes to the laws regarding school construction.

- 38 1. It provides that the maximum debt service limit for approved school construction
- 39 projects is increased to \$188,779,298 in fiscal year 2028; \$194,442,677 in fiscal year 2029;
- 40 \$200,275,957 in fiscal year 2030; and \$206,284,236 in fiscal year 2031.

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2. It provides that, beginning in fiscal year 2027-28, debt service costs that exceed the fiscal year 2027-28 maximum debt service limit may not be included in the total cost of education calculated under the Maine Revised Statutes, Title 20-A, chapter 606-B.

3. It directs the State Board of Education, in consultation with the Department of Education, to adopt rules establishing a cost-sharing formula for funding major school construction projects.

4. It establishes the School Construction Accelerator Fund within the department for the purposes of awarding funds to school administrative units for immediate heating, ventilation or air-conditioning system repair needs or roof repair needs in schools.

5. It directs the State Controller to, at the end of fiscal year 2026-27 and at the close of each fiscal year thereafter, transfer \$50,000,000 from the lapsed funds or unappropriated surplus of the General Fund to the School Revolving Renovation Fund.

6. It directs the Maine Municipal Bond Bank and the department to adopt rules to increase to \$8,000,000 the limit on the maximum loan amount from the School Revolving Renovation Fund to address each priority in a school building within a 5-year period.

7. It directs the department to convene a working group to make recommendations related to any objectives, strategies and actions identified by the Governor's Commission on School Construction in a report issued by the commission in 2026 and submit a report to the joint standing committee of the Legislature having jurisdiction over education matters, the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and to the Governor by January 15, 2027.

FISCAL NOTE REQUIRED
(See attached)



132nd MAINE LEGISLATURE

LD 1892

LR 903(02)

An Act to Establish Procedures for School Construction Projects

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-967)

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

Fiscal Note

Future Biennium Impact to Budget Stabilization Fund

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
Net Cost (Savings)				
General Fund	\$0	\$0	\$0	\$0
Appropriations/Allocations				
Other Special Revenue Funds	\$0	\$500	\$500	\$500
Revenue				
Other Special Revenue Funds	\$0	\$0	\$17,000,000	\$8,000,000
Transfers				
General Fund	\$0	\$0	\$0	\$0

Fiscal Detail and Notes

The bill provides an ongoing baseline Other Special Revenue Funds allocation to the Department of Education (department), beginning in fiscal year 2026-27, for the purpose of awarding funding to school administrative units for immediate repair needs. The funding will be transferred from half of the unobligated balances in the GPA account that would otherwise carry forward, beginning in fiscal year 2027-28. While the amount of the transfer in fiscal year 2027-28 cannot be known until the close of that fiscal year, it is estimated at approximately \$17 million based on the average of the amounts that would have been available between fiscal years 2019-20 and 2024-25, inclusive. This fiscal note assumes that the unobligated balances available for transfer will be lower in future fiscal years. The annual transfer may necessitate higher GPA account appropriations in future fiscal years in order to maintain the State's share of funding public education.

The bill also directs the State Controller to transfer up to \$50 million, taken first from the unbudgeted lapsed General Fund balances at the close of each fiscal year and then, should those balances be less than \$50 million, the remaining amount, up to \$50 million, from the unbudgeted surplus of the General Fund, beginning in fiscal year 2026-27. The funds available for transfer cannot be determined until the close of the fiscal year. This transfer will affect the funds available for the Budget Stabilization Fund and other year-end closing transactions.

This bill increases the debt service limit for approved school construction projects in future fiscal years. Increasing the debt service limit from prior fiscal years will increase the general obligation of the State. The bill also requires that, beginning in fiscal year 2027-28, debt service costs that exceed the fiscal year 2027-28 debt service limit may not be included in the total cost of education. If and when these debt service costs do exceed the fiscal year 2027-28 limit, the requirements of this bill will constrain the total cost of education and consequently reduce the share paid by the State towards debt service costs for school construction projects, leaving a greater share to be paid by school administrative units. Any additional costs to the department and other state entities to implement the other provisions of this bill are expected to be minor and can be absorbed within existing budgeted resources.