

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1892

H.P. 1263

House of Representatives, May 5, 2025

An Act to Establish Procedures for School Construction Projects

Received by the Clerk of the House on May 1, 2025. Referred to the Committee on Education and Cultural Affairs pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script, reading "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative BRENNAN of Portland.
Cosponsored by Senator PIERCE of Cumberland and
Representatives: CLOUTIER of Lewiston, GATTINE of Westbrook, GRAMLICH of Old
Orchard Beach, MURPHY of Scarborough, Senator: RAFFERTY of York.

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

2 **Sec. 1. 5 MRSA §1536, sub-§1**, as amended by PL 2021, c. 398, Pt. ZZZ, §§2 and
3 3, is further amended to read:

4 **1. Final priority reserves.** After the transfers to the State Contingent Account
5 pursuant to section 1507, the transfers to the Loan Insurance Reserve pursuant to section
6 1511, the transfers pursuant to section 1522, a transfer of \$2,500,000 for the Reserve for
7 General Fund Operating Capital ~~and~~, the transfers to the Retiree Health Insurance Internal
8 Service Fund pursuant to section 1519, a transfer of \$35,000,000 in fiscal year 2026-27 and
9 a transfer of \$60,000,000 in fiscal year 2027-28 and in each subsequent fiscal year to the
10 School Construction Debt Service Fund pursuant to Title 20-A, section 15919, the State
11 Controller shall transfer at the close of each fiscal year from the unappropriated surplus of
12 the General Fund an amount equal to the amount available from the unappropriated surplus
13 after all required deductions of appropriations, budgeted financial commitments and
14 adjustments considered necessary by the State Controller have been made as follows:

15 A. Eighty percent to the stabilization fund; and

16 G. Twenty percent to the Highway and Bridge Capital program, Other Special
17 Revenue Funds account.

18 **Sec. 2. 8 MRSA §386, sub-§1** is enacted to read:

19 **1. Funds to School Construction Debt Service Fund.** Beginning in fiscal year 2026-
20 27, the first \$32,500,000 of revenue received from the sale of lottery tickets or shares and
21 agents' license fees must be deposited into the School Construction Debt Service Fund
22 established in Title 20-A, section 15919.

23 **Sec. 3. 8 MRSA §415, sub-§1-A** is enacted to read:

24 **1-A. Funds to School Construction Debt Service Fund.** Beginning in fiscal year
25 2026-27, the first \$32,500,000 received by the commission pursuant to subsection 1 must
26 be deposited in the School Construction Debt Service Fund established in Title 20-A,
27 section 15919.

28 **Sec. 4. 8 MRSA §1036, sub-§1**, as amended by PL 2011, c. 417, §7, is further
29 amended to read:

30 **1. Distribution for administrative expenses of board.** A slot machine operator
31 licensed under section 1011, subsection 2 or a casino operator that is a commercial track
32 that was licensed to operate slot machines under section 1011, subsection 2 on January 1,
33 2011 shall collect and distribute 1% of gross slot machine income to the Treasurer of State
34 for deposit in the General Fund for the administrative expenses of the board, except that,
35 beginning in fiscal year 2026-27, the first \$5,000,000 of gross slot machine income must
36 be deposited in the School Construction Debt Service Fund established in Title 20-A,
37 section 15919.

38 **Sec. 5. 8 MRSA §1218, sub-§1, ¶F**, as enacted by PL 2021, c. 681, Pt. J, §6, is
39 amended to read:

40 F. Six and one-half percent of the adjusted gross sports wagering receipts must be
41 deposited in the General Fund, except that, beginning in fiscal year 2026-27, the first

1 \$5,000,000 of adjusted gross sports wagering receipts must be deposited in the School
2 Construction Debt Service Fund established in Title 20-A, section 15919.

3 **Sec. 6. 20-A MRSA §15919** is enacted to read:

4 **§15919. School construction after July 1, 2026**

5 Notwithstanding any provision of law to the contrary, beginning July 1, 2026, school
6 construction projects and consolidation projects approved by the department and state
7 board are subject to the following requirements.

8 **1. School Construction Debt Service Fund established.** The School Construction
9 Debt Service Fund, referred to in this section as "the debt service fund," is established as a
10 dedicated, nonlapsing fund within the department to provide funding for school
11 construction projects in accordance with this subsection.

12 A. The debt service fund must be funded up to a minimum of \$175,000,000 in fiscal
13 year 2026-27 and up to a minimum of \$200,000,000 in fiscal year 2027-28 and in each
14 fiscal year thereafter. Funds must be deposited in the debt service fund from the
15 following sources in the amounts specified:

16 (1) Thirty-five million dollars in fiscal year 2026-27 and, beginning in fiscal year
17 2027-28, \$60,000,000 per fiscal year from a transfer of the available balance of the
18 unappropriated surplus of the General Fund at the close of each fiscal year,
19 pursuant to Title 5, section 1536, subsection 1;

20 (2) Five million dollars from the amount collected pursuant to Title 8, section
21 1036, subsection 1;

22 (3) Ten million dollars per year from revenue received from the adult use cannabis
23 sales tax, pursuant to Title 36, section 1811, subsection 1, paragraph D,
24 subparagraph 5;

25 (4) Five million dollars from the amount collected pursuant to Title 8, section
26 1218, subsection 1, paragraph F;

27 (5) Forty million dollars per year from revenue received from the tax imposed on
28 cigarettes pursuant to Title 36, section 4381;

29 (6) Ten million dollars per year from revenue received from the tax imposed on
30 tobacco products pursuant to Title 36, section 4410;

31 (7) Sixty-five million dollars per year from State Lottery and Tri-state Lotto
32 revenue, less the costs of administering the lottery and funds set aside for prizes,
33 pursuant to Title 8, chapters 14-A and 16, respectively;

34 (8) Five million dollars per year from revenue received from the cannabis excise
35 tax, pursuant to Title 36, section 4923;

36 (9) Federal funds received for school construction purposes; and

37 (10) Any other public or private source.

38 B. After the close of the fiscal year ending June 30, 2026 and the close of each fiscal
39 year thereafter, the State Controller shall transfer to the School Construction Debt
40 Service Fund, Other Special Revenue Funds account the unencumbered balances
41 remaining in the Department of Education, General Purpose Aid for Local Schools,

1 General Fund account funding sufficient to meet the minimum funding level described
2 in paragraph A if the minimum funding level is not met by the funding sources
3 described in paragraph A, subparagraphs (1) to (10).

4 C. On an annual basis beginning July 1, 2026, the department shall award \$20,000,000
5 from the debt service fund to fund approved school construction projects from school
6 administrative units that are proposing significant consolidation of existing school
7 districts.

8 **2. State and local share.** The State shall pay at least 75% of the total cost of the
9 annual debt service of an approved school construction project. A school administrative
10 unit shall pay at least 25% of the total cost of a school construction project. The
11 commissioner may adjust the school administrative unit's percentage based on the school
12 administrative unit's ability to pay.

13 **3. Environmental standards.** All school construction projects must be green-
14 certified and use the most cost-effective, energy-efficient and low-emission standards
15 possible.

16 **4. Rulemaking.** The state board, in conjunction with the department, may adopt rules
17 to implement this section. Rules adopted pursuant to this subsection are major substantive
18 rules pursuant to Title 5, chapter 375, subchapter 2-A.

19 **Sec. 7. 20-A MRSA §15920** is enacted to read:

20 **§15920. Maine Public School Financing Authority**

21 **1. Maine Public School Financing Authority established.** The Maine Public School
22 Financing Authority, referred to in this section as "the authority," is established as a body
23 corporate and politic and a public instrumentality of the State, and the exercise of the
24 powers conferred by this section is deemed and held to be the performance of essential
25 government functions. Beginning July 1, 2026 and each year thereafter, the authority shall
26 administer:

27 A. The sale of bonds to school administrative units to support the payment of the local
28 share of school construction projects; and

29 B. When feasible, the provision of zero-interest financing or cash allotments for school
30 construction projects.

31 **2. Powers and duties.** The authority may:

32 A. Borrow money or otherwise obtain credit in the authority's own name;

33 B. Lend money or otherwise extend credit to any school administrative unit and
34 exercise all powers of a lender or creditor;

35 C. Provide or participate in interest rate cap agreements and other agreements
36 providing school administrative units with protection against interest rate fluctuations;

37 D. Insure or guarantee performance of any loan agreement or other obligation;

38 E. Obtain, develop or disseminate any information useful or convenient for carrying
39 out any purpose or power of the authority;

40 F. In accordance with the limitations and restrictions of this section, cause any of the
41 authority's powers or duties to be carried out by one or more nonprofit organizations

1 exempt from taxation under the provisions of the United States Internal Revenue Code
2 of 1986 and organized, created or operated under the laws of this State;

3 G. Obtain any certification, warranty, affidavit or other representation necessary or
4 useful for carrying out any of the authority's powers or duties;

5 H. Employ persons, including private legal counsel and financial experts, on either a
6 temporary or permanent basis, in order to carry out any of the authority's powers and
7 duties. Employees of the authority are not subject to the provisions of Title 5, chapters
8 71 and 372;

9 I. Sue or initiate or appear in any proceeding. The authority may be sued in accordance
10 with Title 1, section 409; Title 5, chapter 375; or Title 14, chapter 741;

11 J. Maintain an office at a place designated by the authority within the State;

12 K. Adopt an official seal and alter it at the authority's pleasure;

13 L. Pursuant to Title 5, chapter 375, adopt any rule, including its bylaws, necessary or
14 useful for carrying out any of the authority's duties;

15 M. Receive and accept from any source allocations, appropriations, loans, grants and
16 contributions of money or other things of value to be held, used or applied to carry out
17 this chapter, subject to the conditions upon which the loans, grants and contributions
18 may be made, including, but not limited to, appropriations, allocations, loans, grants or
19 gifts from any federal agency or governmental subdivision of the State and its agencies;

20 N. Invest funds received from any source for carrying out this section and expend
21 interest earnings on those funds as appropriate to implement this section, including use
22 for program and administrative costs;

23 O. Make, modify and carry out any agreement necessary or useful for carrying out any
24 of the authority's powers, duties or purposes, including, without limitation, any
25 construction agreement, purchase or acquisition agreement, loan or lease agreement,
26 partnership agreement, limited partnership agreement, joint venture agreement,
27 participation agreement or agreement with leasing corporations or other financial
28 intermediaries; and

29 P. Do any act or thing necessary or useful for carrying out any of the authority's
30 powers, duties or purposes.

31 **3. Chief executive officer.** The chief executive officer is the chief administrative
32 officer of the authority and must be appointed by the Governor, subject to review by the
33 joint standing committee of the Legislature having jurisdiction over education matters and
34 to confirmation by the Legislature. The chief executive officer shall supervise the
35 administrative affairs and technical activities of the authority in accordance with the rules
36 and policies of the authority. The chief executive officer shall, in the name of and on behalf
37 of the authority:

38 A. In accordance with procedures of the authority, employ the directors of any
39 divisions established by the authority. The directors serve at the pleasure of the chief
40 executive officer;

1 B. In accordance with procedures of the authority, employ professional and
2 nonprofessional personnel, including private legal counsel and financial experts, of the
3 authority. The personnel shall serve at the pleasure of the chief executive officer;

4 C. Provide for the sharing of personnel among any divisions and the authority and
5 provide for the coordination of administration of common projects and programs;

6 D. Approve all accounts for salaries, per diems, allowable expenses of the authority,
7 or of any employee of or consultant to the authority, and expenses incidental to the
8 operation of the authority; and

9 E. Perform other duties directed by action of the members of the authority in carrying
10 out the purposes of this section.

11 **4. Conflicts of interest.** Notwithstanding Title 5, section 18, subsection 1, paragraph
12 B, each member of the authority and each employee, contractor, agent or other
13 representative of the authority is deemed an executive employee solely for purposes of Title
14 5, section 18 and for no other purpose, except that the chief executive officer is also deemed
15 an executive employee for purposes of Title 5, section 19. Title 17, section 3104 does not
16 apply to a representative under this subsection.

17 **5. Annual report; audit.** The authority shall annually submit to the President of the
18 Senate, the Speaker of the House of Representatives, the Governor and the joint standing
19 committee of the Legislature having jurisdiction over education matters, no later than 120
20 days after the close of the authority's fiscal year, a complete report on the activities of the
21 authority. The report must include the following:

22 A. A description of the authority's operations;

23 B. An accounting of its receipts and expenditures, assets and liabilities at the end of
24 the authority's fiscal year;

25 C. A schedule for the bonds and notes outstanding at the end of the authority's fiscal
26 year and a statement of the amounts redeemed and issued during the authority's fiscal
27 year, including a report on the authority's reserve funds;

28 D. A statement of the authority's proposed and projected activities for the ensuing year;
29 and

30 E. Recommendations as to further actions that may be suitable for achieving the
31 purposes of this section.

32 The authority shall provide the Treasurer of State, within 120 days after the close of the
33 fiscal year, the annual financial report certified by an independent certified public
34 accountant, who may be the accountant or a member of the firm of accountants who
35 regularly audits the books and accounts of the authority, selected by the authority. The
36 authority is also subject to the provisions of Title 5, chapter 11. The authority may combine
37 for accounting purposes any or all funds established for its programs and activities.

38 **6. Taxation and fees.** Notwithstanding any provision of law to the contrary, revenue
39 obligation securities of the authority are declared to be issued for an essential public and
40 governmental purpose and to be public instruments and, together with interest and income,
41 including the profit made from the securities' transfer or sale, are exempt from taxation
42 within the State.

1 **Sec. 8. 36 MRSA §1818**, as amended by PL 2021, c. 645, §5 and amended by c.
2 669, §5, is repealed and the following enacted in its place:

3 **§1818. Tax on adult use cannabis and adult use cannabis products**

4 All sales tax revenue collected pursuant to section 1811 on the sale of adult use
5 cannabis and adult use cannabis products must be deposited into the General Fund, except
6 that:

7 **1. Funds to Adult Use Cannabis Public Health and Safety and Municipal Opt-in**
8 **Fund.** On or before the last day of each month, the State Controller shall transfer 12% of
9 the sales tax revenue received by the assessor during the preceding month pursuant to
10 section 1811 to the Adult Use Cannabis Public Health and Safety and Municipal Opt-in
11 Fund established under Title 28-B, section 1101; and

12 **2. Funds to School Construction Debt Service Fund.** Beginning in fiscal year
13 2026-27, and annually thereafter, after the adjustment in subsection 1, paragraph A, the
14 first \$10,000,000 must be deposited in the School Construction Debt Service fund
15 established in Title 20-A, section 15919.

16 **Sec. 9. 36 MRSA §4381** is amended to read:

17 **§4381. Tax credited to General Fund**

18 The revenue derived from the tax imposed by this chapter shall must be credited to the
19 General Fund of the State, except that beginning in fiscal year 2026-27, the first
20 \$40,000,000 must be deposited in the School Construction Debt Service Fund established
21 in Title 20-A, section 15919.

22 **Sec. 10. 36 MRSA §4410** is enacted to read:

23 **§4410. Tax credited to General Fund**

24 The revenue derived from the tax imposed by this chapter must be credited to the
25 General Fund of the State, except that beginning in fiscal year 2026-27, the first
26 \$10,000,000 must be deposited in the School Construction Debt Service Fund established
27 in Title 20-A, section 15919.

28 **Sec. 11. 36 MRSA §4925**, as amended by PL 2021, c. 645, §6 and amended by c.
29 669, §5, is repealed and the following enacted in its place:

30 **§4925. Application of excise tax revenue**

31 All excise tax revenue collected by the assessor pursuant to this chapter on the sale of
32 adult use cannabis must be deposited into the General Fund, except that:

33 **1. Funds to Adult Use Cannabis Public Health and Safety and Municipal Opt-in**
34 **Fund.** On or before the last day of each month, the assessor shall transfer 12% of the excise
35 tax revenue received during the preceding month pursuant to this chapter to the Adult Use
36 Cannabis Public Health and Safety and Municipal Opt-in Fund established in Title 28-B,
37 section 1101; and

38 **2. Funds to School Construction Debt Service Fund.** Beginning in fiscal year
39 2026-27, and annually thereafter, after the adjustment in subsection 1, paragraph A, the
40 first \$5,000,000 must be deposited in the School Construction Debt Service Fund
41 established in Title 20-A, section 15919.

Sec. 12. Transfer to Maine Public School Financing Authority.

Notwithstanding any provision of law to the contrary, the State Controller shall transfer \$100,000,000 from the Maine Budget Stabilization Fund established by the Maine Revised Statutes, Title 5, section 1532 to the Maine Public School Financing Authority, Other Special Revenue Funds account no later than July 1, 2026.

SUMMARY

This bill establishes procedures for school construction projects, beginning July 1, 2026. The bill establishes a debt service fund that is funded by gaming activity revenue, cannabis tax revenue, lapsed balances in the General Fund, tobacco tax revenue and federal funds. The bill requires a school administrative unit to pay 25% of the total cost of a school construction project. The Commissioner of Education may adjust this percentage based on the school administrative unit's ability to pay. The bill requires all school construction projects to be green-certified and use the most cost-effective, energy-efficient and low-emission standards possible. The bill also establishes the Maine Public School Financing Authority, which is responsible for the sale of bond issues for school administrative units and, when feasible, offering zero-interest financing or cash allotments for school construction projects.