

MAINE STATE LEGISLATURE

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ELECTIONS - 2004
(June)

**MAINE CITIZEN'S GUIDE TO THE
REFERENDUM ELECTION**

Tuesday, June 8, 2004



**In Accordance with
the Maine Constitution
Article IV, Part Third, Section 18**

**Dan A. Gwadosky
Secretary of State**

Appropriation 010-29A-4213-012

State of Maine
Office of the Secretary of State
Augusta, Maine 04333

Dear Fellow Citizen,

All eligible Maine residents may vote in the referendum election on June 8, 2004. The information in this booklet is intended to help you learn about the question that will appear on the ballot so you can make a well-informed decision about how to vote. Referendum elections are an important part of the heritage of public participation in Maine, so I hope you will help keep our democracy strong by voting.

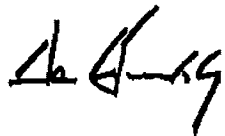
For information about how or where you vote, you may contact your local municipal clerk or call Maine's Division of Elections at 624-7650. Information is also available online at www.maine.gov/sos.

Enclosed in this booklet you will find:

- ◆ The referendum question.
- ◆ The legislation represented by the question.
- ◆ A summary of the intent and content of the legislation.
- ◆ An explanation of the significance of a "yes" or "no" vote.

The Department of the Secretary of State and the Attorney General have worked together to prepare this booklet for you. We hope you find it helpful and that you will vote in the June 8, 2004, referendum election.

Sincerely,



Dan A. Gwadosky
Secretary of State

STATE OF MAINE
Referendum Election, June 8, 2004
REFERENDUM QUESTION

Question 1: Carry-over Measure

Do you want the State to pay 55% of the cost of public education, which includes all special education costs, for the purpose of shifting costs from the property tax to state resources?

STATE OF MAINE

“School Finance and Tax Reform Act of 2003”

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

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

CHAPTER 606-C

SCHOOL FINANCE ACT OF 2003

§15681. Short title

This chapter may be known and cited as the “School Finance Act of 2003.”

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

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

For the purpose of this chapter, and until such time as the Legislature may implement an alternative school funding system, “total allocation” means the foundation allocation for a year, the debt service allocation for that year, the sum of all adjustments for that year and the total of the additional local appropriations for the prior year. In the event the Legislature 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.

§15683. Mandated legislative appropriations for special education

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

For the purposes of the mandatory appropriation required by this section, the commissioner shall identify and provide in the commissioner's recommendation pursuant to section 15605 the total 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 appropriate and ensure the accurate distribution of the total amount identified by the commissioner, adjusted by the actual state and federal reimbursements for the costs of special education services mandated by federal or state law, rule or regulation and previously provided to the individual school administrative units for that same school year.

§15684. Fund for the Efficient Delivery of Educational Services

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

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

§15685. Entitlement

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

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

3. Revenue-sharing funds. To strengthen the state-municipal fiscal relationship pursuant to the findings and objectives of subsection 1, there is established the Local Government Fund. To provide additional support for 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.

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

5-B. Fund for the Efficient Delivery of Local and Regional Services. For the months beginning on or after July 1, 2004 and 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 and Regional Services, as established in subsection 3, and distributed to those municipalities that can demonstrate significant and sustainable savings in the cost of delivering local and regional governmental services through collaborative approaches to service delivery, enhanced regional delivery systems, the consolidation of administrative services, the creation of broad-based purchasing alliances or the execution of interlocal agreements.

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

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

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

3. Fund for the Efficient Delivery of Local and Regional Services. As soon as possible, but no later than March 1, 2004, the joint standing committee of the Legislature having jurisdiction over state and local government matters shall report out legislation designed in accordance with the intentions of this Act to govern the design, implementation, management and oversight of the Fund for the Efficient Delivery of Local and Regional Services established in the Maine Revised Statutes, Title 30-A, section 5681, subsection 3.

4. Tax burden management. As soon as possible, but no later than March 1, 2004, the joint standing committees of the Legislature having jurisdiction over taxation matters and appropriations and financial affairs shall jointly develop and report out legislation that consists of a comprehensive plan that integrates the efforts of state, county and local governments and schools to reduce unnecessary spending, identifies cost savings in the delivery of governmental services and otherwise addresses the issue of the overall tax burden in this State.

SUMMARY

This initiated bill requires the State to provide at least 55% of the total state and local cost of kindergarten to grade 12 public education, including 100% state support for special education services mandated by state or federal law.

Two percent of the annual state appropriation for education required by this initiated bill is dedicated to the Fund for the Efficient Delivery of Educational Services, which is dedicated to providing incentive-based resources to those school administrative units or municipalities that would effect certain system changes that provide significant and sustainable cost savings in the delivery of educational services.

The Fund for the Efficient Delivery of Local and Regional Services is established within the Local Government Fund, which is the fund from which state-municipal revenue sharing is distributed. This fund is capitalized by setting aside 2% of the sales and income tax revenue that would otherwise be distributed according to the revenue-sharing formula. This 2% is distributed to those municipalities that can demonstrate cost savings in the delivery of local and regional governmental services through collaboration with other local and regional governments and participating state agencies. This initiated bill directs the Legislature to develop the necessary implementing legislation to fully implement the Fund for the Efficient Delivery of Educational Services and the Fund for the Efficient Delivery of Local and Regional Services.

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

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 and local government and schools to reduce unnecessary spending, identifies cost savings in the delivery of governmental services and otherwise addresses the issue of the overall tax burden in this State.

Intent and Content

This citizen-initiated legislation was presented to the voters in November, 2003, along with a competing measure proposed by the Legislature. At the 2003 election, the citizen initiative received a greater number of votes than either the competing measure or the option to reject both measures. It received less than a majority but more than one third of the total votes cast on that question. Accordingly, the Maine Constitution requires that the citizen initiative be resubmitted by itself to the voters for their approval or rejection at the next statewide election.

The initiated legislation provides that the State shall pay at least 55% of the total costs of public education for kindergarten through grade 12, and 100% of the costs of special education services that are mandated by federal or state law. The proposal does not specify how the State would fund those costs. Instead, it directs the Legislature's taxation committee to report out legislation by March 1, 2004, to generate the additional revenue necessary to achieve these funding levels. Since the March date has already passed, a determination will have to be made regarding the effect of this provision in the event the initiated legislation is enacted by the voters.

In addition, 2% of the funds appropriated by the Legislature under this Act would be deposited in a new fund, entitled the "Fund for the Efficient Delivery of Educational Services," for distribution to schools and municipalities that are able to demonstrate significant and sustainable savings in educational services costs through collaborative efforts, regionalization or consolidation.

Another fund, entitled the "Fund for the Efficient Delivery of Local and Regional Services," would be created using 2% of the tax revenue deposited in the municipal revenue sharing account and distributed to those municipalities that can demonstrate significant and sustainable cost savings in the delivery of governmental services through regional and collaborative efforts.

A "YES" vote approves the initiated legislation.

A "NO" vote disapproves the initiated legislation.