

MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION

ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 2245

H P. 1773

House of Representatives, January 2, 1974

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

E. LOUISE LINCOLN, Clerk

Presented by Mr. Simpson of Standish.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FOUR

**AN ACT to Correct the Administration and Collection
of Real Property Taxes for Education Purposes.**

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

Sec. 1. R. S., T. 36, § 451, amended. The 2nd sentence of section 451 of Title 36 of the Revised Statutes, as last repealed and replaced by section 6 of chapter 556 of the public laws of 1973, is amended to read as follows:

For the necessary expenses of local and state government, a tax is assessed, **except as provided in section 453**, at a rate that is equivalent to 50% in 1973-74 and thereafter, of the estimated total state public school education costs divided by the total of the most recent state valuation adjusted upward to the nearest quarter mill as filed under section 381 to 100% valuation plus $7\frac{3}{4}$ mills on the dollar applied to a 100% valuation for the property tax year commencing April 1, 1974; $9\frac{1}{4}$ mills effective April 1, 1975; $10\frac{3}{4}$ mills effective April 1, 1976; $12\frac{1}{4}$ mills effective April 1, 1977; and $13\frac{3}{4}$ mills effective April 1, 1978 and every year thereafter upon each municipality, township and each lot and parcel not included in any township in the State.

Sec. 2. R. S., T. 36, § 453, repealed and replaced. Section 453 of Title 36 of the Revised Statutes, as amended by section 7 of chapter 616 of the public laws of 1971 and as repealed and replaced by section 7 of chapter 556 of the public laws of 1973, is repealed and the following enacted in place thereof:

§ 453. Distribution of tax to municipalities

The Treasurer of State, in his said warrants, shall require the said mayor and aldermen, selectmen or assessors, respectively, to pay or to issue their

several warrants requiring the collectors of their several municipalities to collect and to pay to the treasurers of their respective municipalities the sums against said municipalities required by this subchapter.

Said municipal treasurer shall pay to the treasurer of the School Administrative District or community school district in quarterly installments that portion of the tax levied under section 451 of public school education costs which is not in excess of the allocation to the unit as computed under Title 20, section 3713. If the tax levied under section 451, which is based upon a percentage of public school education costs, exceeds the allocation of the unit as computed under Title 20, section 3713, that portion of the tax which exceeds the allocation to the unit may either be retained by the municipality and used for municipal purposes upon proper authorization by the municipality, provided that said excess portion of the tax levied under section 451 shall not be expended by the unit to increase the amount expended for school education costs beyond the maximum permissible allocation to the unit is computed under Title 20, section 3713, or the municipality may reduce the tax otherwise required to be levied under section 451 provided that the tax levied is not less than the allocation to the unit as computed under Title 20, section 3713.

The balance of the sums so assessed in each municipality shall be disbursed by the treasurer thereof for necessary expenses of local government as determined or appropriated for the public welfare within the purposes specified in Title 30, which Title sets forth these purposes for the public welfare for which municipalities are themselves authorized to raise money by taxation.

STATEMENT OF FACT

Chapter 556 of the public laws of 1973 equalized the financial support of school units by creating a state-wide system of financing public education. Chapter 556 contemplates that at the end of 3 years educational costs will be borne 60% by general fund revenue sources and 40% by a uniform state-wide property tax.

Pursuant to chapter 556, the Commissioner of Educational and Cultural Services will certify annually to the State Tax Assessor a figure equal to 50% of the state's total estimated public school cost. The State Tax Assessor shall then set a tax rate applied to 100% of state valuation which will raise a sum equal to this estimate from the property tax. The theory is that a uniform tax rate for school purposes will be applied to all real estate based upon 100% of state valuation. The State Board of Education will allocate annually based upon the previous year's expenses and a formula in 20 M.R.S.A. section 3713, a budget for each school unit. If a municipality fails to raise its allocation as determined by the State Board of Education through the property tax, then the State makes up the difference. If a municipality raises more than its allocation, 36 M.R.S.A. section 453 presently requires that the municipality pay the excess to the Treasurer of State.

This bill amends 36 M.S.R.A. section 453 so that if a municipality raises more than its allocation through the uniform property tax, it does not pay the

excess to the Treasurer of State, but retains it for other municipal use or at its election does not collect the excess tax. Under this bill, the excess retained by a municipality cannot be used for educational purposes thereby insuring equal educational opportunity by preventing one unit from spending disproportionately more per pupil than another. A unit may spend more than its allocation as provided in chapter 556. This bill does not change those provisions. If this bill is enacted, it means that per pupil expenditure will be equalized as intended by chapter 556, but will not require one municipality to subsidize another through the property tax. One of the inequities of chapter 556 is that a town with a high state valuation does not necessarily have residents with income who can pay the increased property tax to subsidize other municipalities.

If this bill is enacted, towns such as Acton, Bremen and Southport will not have to make property tax payments to the State to subsidize Cape Elizabeth. The subsidy will come from general revenue sources.