

MAINE STATE LEGISLATURE

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(EMERGENCY)

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 526

H. P. 472

House of Representatives, February 5, 1975

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

EDWIN H. PERT, Clerk

Presented by Mr. Rolde of York.

Cosponsor: Mr. Palmer of Nobleboro.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT to Correct Deficiencies in the School Funding Law.

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the current statute requires the Commissioner of Educational and Cultural Services to estimate the cost of public school education prior to February 3; and

Whereas, this estimation process resulted in a deficiency in the current year's state appropriation; and

Whereas, the present statute results in misunderstanding of the methods of financing new construction and school buses; and

Whereas, this legislation should be passed immediately to clear up the misunderstandings and procedures in the subsidy law; and

Whereas, this legislation should be passed prior to the assessment of local property taxes for 1975; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 20 MRSA, § 3456-A is enacted to read:

§ 3456-A. Application

Except as stated in section 3713, subsection 8, aid shall no longer be paid under sections 3457 to 3461; however, the State Board of Education approval for all major capital outlay projects shall be required as provided by sections 3457 to 3461 prior to payment of aid under section 3713, subsection 8.

Sec. 2. 20 MRSA, § 3457, first ¶, 3rd, 4th, 5th and 6th sentences, as amended, are further amended to read:

No financial assistance shall be paid until the school construction has been completed and a full report of the cost of said construction and other expenses for major capital outlay purposes is made to the commissioner. The report shall be in such form as the commissioner shall determine and shall include, but not be limited to, the following: The amount of money contributed by the district, the amount of money borrowed for major capital outlay purposes, the time within which said borrowed funds are to be repaid and the total amount to be repaid and the amount to be repaid each year, the amount of interest to be paid each year and the rate of interest, the amount of rental due the Maine School Building Authority under lease agreement between the Maine School Building Authority and the district. On the basis of all the reports on file in the office of the commissioner each year, the commissioner shall determine the total amount to be paid to all of the School Administrative Districts and other eligible administrative units, for major capital outlay purposes, and shall apportion out of moneys appropriated for this purpose, when payments are due, to the School Administrative Districts and other eligible administrative units, the same percentage of each administrative unit's expenditures for major capital outlay purposes including principal and interest payments and any rental payments under lease agreements between the administrative units and the Maine School Building Authority as each administrative unit would be entitled to receive based on Table II of this section. In addition to the foregoing, if the district has contributed money to defray all or part of the cost of major capital outlay construction, the commissioner shall determine the amount payable to the district for this expenditure; but the commissioner shall have the discretion to pay the entire amount due in one year or he may determine that payment shall be made over a period not to exceed 5 years.

Sec. 3. 20 MRSA, § 3457, 2nd ¶, first sentence, as amended is repealed and the following enacted in place thereof:

Said apportionment shall apply similarly to payments made for major capital outlay purposes on school construction, approved by the commissioner after August 28, 1957, in administrative units where the April 1st enrollment of resident and tuition pupils in grades 9 through 12 for that year is over 500 pupils, and in all community school districts approved by the State Board of Education which incur debt after April 1, 1965; and in other smaller administrative units when in the judgment of the Legislature, on recommendation of the board, the formation of a School Administrative District by consolidation is not geographically or educationally practical.

Sec. 4. 20 MRSA, § 3457, 2nd ¶, next to last sentence, as enacted by PL 1971, c. 500, § 1, is amended to read:

Any administrative unit not previously eligible for school construction aid for major capital outlay purposes under this paragraph shall now be eligible for aid for any project authorized by the unit, if school building plans and specifications were approved by the commissioner after July 1, 1969.

Sec. 5. 20 MRSA, § 3457, 5th ¶ as enacted by PL 1965, c. 475, § 2, is amended to read:

When a municipality having more than 100 resident pupils educated at public expense in grades 9 through 12 has contracted with a School Administrative District to educate all of the pupils in said district in grades 9 through 12, for a period of from 5 to 20 years, said municipality shall, during the life of said contract, be paid out of moneys appropriated and apportioned for the purposes of this section, the percentage of said municipality's expenditures for major capital outlay purposes as it would be entitled to receive in that year based on Table II of this section.

Sec. 6. 20 MRSA, § 3457, ¶¶ 6, 7 and 8, as amended, are repealed as follows:

"Capital outlay purposes" as the term is used in this Title shall mean the cost of new construction, expansion, acquisition or major alteration of a public school building, the cost of acquisition of all land or interest therein of any nature or description for such construction, expansion, acquisition or major alteration, and any legal appraisal or surveyors' fees or services with relation thereto, the cost of demolition, of removing any buildings or structures on land so acquired, the cost of furnishings and equipment, financing charges, insurance during construction, cost of architectural, engineering and other legal expenses, plans, specifications, estimates of costs, and such other expense as may be necessary and incidental to any construction, expansion, acquisition or major alteration of a public school building and the placing of such a building in operation, and the cost of athletic fields and related physical education facilities which may be included in the school project. Whenever the commissioner has approved the leasing of school facilities, the annual cost of such a lease to the administrative unit shall be considered as a capital outlay expenditure and shall be eligible for reimbursement the same as any other capital outlay expenditure. When aid is paid under section 3460, financing charges shall include those expenditures necessarily incurred when borrowing in anticipation of state aid.

The term "school building" as used in this section shall mean any structure or athletic field used or useful for schools and playgrounds, including facilities for physical education.

The term "major alteration" as used in this section shall mean the cost of acquiring new equipment, the cost of converting an existing public school building to a new condition of completeness or efficiency from a worn, damaged or deteriorated condition whenever the plans for such an alteration have been approved in accordance with section 3622. The State Board of Education shall have full authority to approve or disapprove the plans for a "major alteration" of a school building and equipping the same. Without state board approval, the administrative unit may not claim state aid on the alteration project.

Sec. 7. 20 MRSA, § 3457, 12th ¶, first sentence, as last amended by PL 1973, c. 571, § 52-B, is further amended to read:

Each administrative unit shall be reimbursed the sums expended for **major** capital outlay projects which have been approved in accordance with sections 3457 to 3460, or any projects which have been approved by the commissioner.

Sec. 8. 20 MRSA, § 3457, last ¶, first sentence, as enacted by PL 1971, c. 530, § 36-A, is amended to read:

Any administrative unit which has received, or is receiving, state construction aid for **major** capital outlay purposes shall carry fire insurance and allied coverage upon the completed project in an amount not less than the cost or reconstruction cost of the project.

Sec. 9. 20 MRSA, § 3458, sub-§§ 3 and 4, as amended, are further amended to read:

3. **Estimated cost.** The total estimated **major** capital outlay expenditures of the proposed project as approved by the board;

4. **Percentage of state aid.** The percentage of the total **major** capital outlay expenditures which the administrative unit was qualified to receive in school construction aid for the proposed project at the time when the proposed project and its financing were authorized, as computed from Table II in sections 2356-B and 3457;

Sec. 10. 20 MRSA, § 3459, 2nd ¶, as last amended by PL 1971, c. 610, § 22, is further amended to read:

On any eligible project heretofore or hereafter approved by the Commissioner of Educational and Cultural Services, a School Administrative District to which this section is applicable shall be reimbursed the eligible amount of its **major** capital outlay expenditure upon filing the necessary reports with the commissioner and submitting proof that the project has been completed in accordance with approved plans, provided that the amount of such reimbursement shall not be less than the percentage of the actual **major** capital outlay expenditure for the project applicable to the district at the time the voters of the district authorized the school directors to borrow in anticipation of state aid for school construction.

Sec. 11. 20 MRSA, § 3459, last ¶, first sentence, as last amended by PL 1973, c. 625, § 107, is further amended to read:

This section shall apply to any School Administrative District which, between May 11, 1966 and April 27, 1967, voted to authorize its school directors to issue bonds or notes in the names of such district for **major** capital outlay purposes but did not authorize the borrowing of funds in anticipation of state aid for school construction for such purposes, but only if such district has not, as of July 2, 1969 pursuant to which this paragraph is enacted, issued its bonds or notes for the permanent financing of the project or projects for which such bonds or notes were authorized.

Sec. 12. 20 **MRSA**, § 3460, 6th and 9th ¶¶, as amended, are further amended to read:

Upon completion of the project and the submission to the commissioner of a full report of the **major** capital outlay expenditures on the project, together with proof that the project was completed in accordance with plans approved by the commissioner and the Bureau of Public Improvements, and upon issuance by the Bureau of Public Improvements of its certificate of acceptance of the completed project, the eligible unit shall be paid the difference between the total amount of aid finally determined to be due under the project and the accumulated amount of all prior payments.

Financing costs incurred by the local administrative unit on any project for which the alternate method has been authorized shall not be included as part of the **major** capital outlay expenditures of the project; provided that any interest paid by a local administrative unit in borrowing on temporary loans in anticipation of state aid shall be reimbursed by the State upon application of the unit to the commissioner following the receipt of final payment of state assistance on the project, which application shall include evidence that all indebtedness incurred by the local unit in borrowing in anticipation of state aid has been liquidated through payment by the unit.

Sec. 13. 20 **MRSA**, § 3461, as enacted by PL 1973, c. 154, § 4, is amended to read:

§ 3461. State subsidies withheld

The State shall withhold or disallow a portion of the subsidies for construction, major alterations or repairs of school buildings, defined as payments for **major** capital outlay purposes in section ~~3457~~ 3712, subsection 11, in the event the administrative unit elects to award a contract to other than the lowest qualified bidder who has been declared acceptable by the Director of Public Improvements and the Commissioner of Educational and Cultural Services, providing that the portion of subsidy withheld does not exceed the State's share of the difference between the lowest qualified bid and the amount bid by the firm awarded the contract; or in the event the administrative unit fails to follow the procedures set forth in sections 3458, 3460 and 3623 and Title 5, sections 1741, 1742 and 1743-A.

Sec. 14. 20 **MRSA**, § 3711, as last amended by PL 1973, c. 627, § 1, is repealed and the following enacted in place thereof:

§ 3711. Intent

It is declared to be the intent of the Legislature to reduce the burden of education program costs in public schools which are borne by the property tax to 40% and to provide 60% of the total cost of education from state tax sources. The Legislature intends to implement the program over a 4-year period — 50% State, 50% local in 1974-75 and in 1975-76; 55% State, 45% local in 1976-77 and 60% State, 40% local in 1977-78.

It is further declared to be the intent of the Legislature to finance the property tax share through a uniform property tax rate applied to all ad-

ministrative units alike. The uniform property tax as described in sections 451 and 453 of Title 36 shall be implemented in such a way as to minimize the impact on local property taxes in any one year. The Legislature intends that a limit be placed upon additional local taxes that may be imposed on property for school purposes, thus encouraging more efficient management of the available resources.

It is further declared that it is the intent of the Legislature to reduce the education program costs in the nonprofit private schools of this State, by reducing such costs to the extent and in the manner permitted by the United States Constitution and the Constitution of this State.

Sec. 15. 20 MRSA, § 3712, sub-§§ 1 to 3, as enacted by PL 1973, c. 556, § 1, are amended to read:

1. **Operating costs.** Elementary or secondary operating costs shall include all costs, except transportation, community services, major capital outlay, that portion of the tuition costs applicable to the insured value factor in the tuition formulae and debt service, reduced by tuition receipts, expenditures from all federal revenue sources **except for amounts received under the provisions of Public Law 874, and reduced by expenditures for special and vocational education programs as defined in subsections 4 and 5.** ~~Operating costs shall not include the costs of maintaining the Governor Baxter State School for the Deaf, the Boys Training Center, the Stevens School, Schools in the Unorganized Territories as defined by section 1451, and the Indian schools operated pursuant to section 4719.~~

2. **Average elementary per pupil operating costs.** Elementary grades shall include a childhood educational program as defined by section 859, through grade 8. Average elementary per pupil operating costs shall be computed by dividing elementary operating costs **for the preceding year, adjusted by the average change in total education costs experienced during the 2 previous years,** by the average number of resident elementary pupils, excluding those students in special education programs, on October 1st and April 1st ~~in the unit in the same fiscal year, July 1st to June 30th.~~ **Those average costs so computed shall be used in the distribution of funds to the local units for the succeeding fiscal year in the preceding year.**

3. **Average secondary per pupil operating costs.** Secondary grades shall mean grades 9 through 12. Average secondary per pupil operating costs shall be computed by dividing secondary operating costs **for the preceding year, adjusted by the average change in total education costs experienced during the 2 previous years,** by the average number of resident secondary pupils, excluding full-time students in special and vocational education programs, on October 1st and April 1st ~~in the unit in the same fiscal year, July 1st to June 30th in the preceding year.~~ Any student graduating from grade 12 during **the preceding school** year prior to April 1st shall be counted as though he were in attendance on April 1st of that year. ~~Those average costs so computed shall be used in the distribution of funds to the local units for the succeeding fiscal year.~~

Sec. 16. 20 MRSA, § 3712, sub-§ 4, as enacted by PL 1973, c. 556, § 1, is repealed.

Sec. 17. 20 MRSA, § 3712, sub-§ 7-A is enacted to read:

7-A. Preceding year. Preceding year means the year preceding any calculation required to be performed under this chapter or under Title 36, sections 451 and 453.

Sec. 18. 20 MRSA, § 3712, sub-§ 8, first sentence, as enacted by PL 1973, c. 556, § 1, is amended to read:

School aid payments shall be made directly to the treasurer of each administrative unit except that aid for vocational education expenditures as computed to the member towns shall be paid directly to the treasurer of the vocational region. Payments ~~and~~ shall be based upon the number of resident pupils educated at public expense and contingent expenditures as outlined in this chapter based upon audited financial reports submitted by the various administrative units.

Sec. 19. 20 MRSA, § 3712, sub-§ 9, first sentence, as enacted by PL 1973, c. 556, § 1, is amended to read:

The computation of aid for any unit or vocational region may be appealed in writing to the State Board of Education by the school committee or board of directors of any school unit within 30 days from the date of notification of the computed amount.

Sec. 20. 20 MRSA, § 3712, sub-§ 10, as enacted by PL 1973, c. 783, § 31, is repealed and the following enacted in place thereof:

10. Debt service. Debt service for subsidy purposes shall include, but shall not be limited to, that portion of the tuition costs applicable to the insured value factor computed under section 1292 and as computed for elementary school tuition purposes and lease costs for school buildings when the leases have been approved by the commissioner.

Sec. 21. 20 MRSA, § 3712, sub-§§ 11 to 13 are enacted to read:

11. Major capital outlay. For purposes of this Title, major capital outlay shall include all costs which are related to or incidental to new construction, repairs, expansion, acquisition or alteration of any building or of any undeveloped land used or useful for school purposes when such costs are not financed out of the unit's current operating budget. Major capital outlay shall also include the cost of furnishings and equipment when such costs are not financed out of the unit's current operating budget.

Total major capital outlay expenditures approved by the State Board of Education during any single year shall not exceed \$35,000,000.

12. Minor capital outlay. For purposes of this Title, minor capital outlay shall include all costs which are related to or incidental to new construction, repairs, expansion, acquisition or alteration of any building or of any undeveloped land used or useful for school purposes when such costs are financed out of the unit's current operating budget. Minor capital outlay shall also include the cost of furnishings and equipment when such costs are financed out of the unit's current operating budget. All minor capital outlay costs shall be a part of operating costs, as that term is defined in this sec-

tion; however, operating costs, as defined in this section, for the year 1973-74 shall include a minor capital outlay amount of no more than \$10 per pupil.

13. Total education costs. Total education costs shall mean the total of operating costs, costs of special education programs, costs of vocational education, transportation costs as described in section 3713, subsection 1, paragraph E and debt service costs as described in section 3713, subsection 1, paragraph F.

Sec. 22. 20 MRSA, § 3713, first ¶, next to last sentence, as enacted by PL 1973, c. 556, § 1, is repealed and the following enacted in place thereof:

Fifty percent of the sum shall come from state sources and 50% of the sum from the uniform property tax in 1974-75 and in 1975-76; 55% of the sum shall come from state sources and 45% of the sum from the uniform property tax in 1976-77 and 60% of the sum shall come from state sources and 40% of the sum from the uniform property tax in 1977-78 and thereafter.

Sec. 23. 20 MRSA, § 3713, sub-§ 1, as last amended by PL 1973, c. 783, §§ 32 and 33, is repealed and the following enacted in place thereof:

1. The allocation of funds to each administrative unit shall be computed as follows:

A. Multiply the average number of resident elementary pupils in the unit by the state average elementary per pupil operating cost;

B. Multiply the average number of resident secondary pupils in the unit by the state average secondary per pupil operating cost;

C. Compute the costs for special education programs in the preceding year for programs operated by the administrative unit plus the preceding year's expenditures for tuition or board, or both, paid by the unit. Medical costs shall not be allowable as a part of a tuition charge;

D. Compute the administrative unit's costs for vocational education programs in the preceding year;

E. Record expenditures of the preceding year for transportation of pupils, other than expenditures for the purchase of school buses;

F. Record the expenditures of the current year for debt service on projects approved by the local unit and by the State Board of Education where such local approval occurred after July 1, 1973 and prior to July 1, 1975;

G. Adjust each of the expenditures recorded under paragraphs C through E by the average change in total education costs experienced during the 2 previous years.

Sec. 24. 20 MRSA, § 3713, sub-§ 2, last sentence of the first ¶, as enacted by PL 1973, c. 556, § 1, is repealed and the following enacted in place thereof:

If the unit's allocation after adjustment under subsection 3 exceeds the uniform property tax as set forth in Title 36, section 451, the commissioner shall authorize payments of aid to the unit which will equal the difference between the adjusted allocation and the uniform property tax.

Sec. 25. 20 MRSA, § 3713, sub-§ 2, 2nd ¶, as enacted by PL 1973, c. 783, § 33-A, is repealed and the following enacted in place thereof:

The school tax certified by the State Director of Property Taxation on or after April 1st shall be used in determining the payments, if any, to the units for the subsequent year. For 1974, twice the school tax levied by the State Tax Assessor shall be used in determining the payments, if any, to the units for the year, July 1, 1974 to June 30, 1975.

Sec. 26. 20 MRSA, § 3713, sub-§ 3, first ¶, as enacted by PL 1973, c. 556, § 1, is repealed and the following enacted in place thereof:

Adjustments to the allocation as computed in subsections 1 and 2 shall be made as follows:

Sec. 27. 20 MRSA, § 3713, sub-§ 3, ¶¶ A and B, as enacted by PL 1973, c. 556, § 1 and as amended by c. 783, § 34, are amended to read:

A. If the average elementary or secondary per pupil operating cost in the unit ~~for the preceding year~~ is less than the state average elementary or secondary per pupil operating cost, the per pupil allocation for elementary or secondary pupils respectively shall be limited to an increase of $\frac{1}{3}$ of the difference between the per pupil operating cost of the unit and the state average elementary or secondary per pupil operating cost respectively;

B. If the average elementary or secondary per pupil operating cost in the unit ~~for the preceding year~~ is above the state average elementary or secondary per pupil operating cost, the per pupil allocation for elementary or secondary pupils respectively shall be frozen at $\frac{1}{2}$ the difference between the state average elementary or secondary per pupil operating cost respectively and the local average elementary or secondary per pupil operating cost respectively expended during the 1973-74 school year or the state elementary or secondary average per pupil allocation respectively, whichever is greater. Each unit may appropriate additional local funds to maintain its average elementary or secondary per pupil operating costs as computed for the preceding year ~~1973-74 school year~~. Income received by a unit for "B" students under Public Law 874 may be used to meet the unit's share of the funds required under this subsection;

Sec. 28. 20 MRSA, § 3713, sub-§ 3, ¶ D, first ¶, as last amended by PL 1973, c. 571, § 52-D, is repealed and the following enacted in place thereof:

When an administrative unit enrolls pupils who reside on land under control of the Federal Government, or any agency thereof, or on a Federal Military Reservation, such pupils shall be considered as resident pupils for purposes of this chapter. However, the allocation to such a unit shall be adjusted by subtracting therefrom, after all other adjustments under this section have been made, the total amount received by the unit in the preceding year from the Federal Government under the provisions of Public Law 874. Allocations for the year 1974-75 and for all subsequent years shall be adjusted in accordance with this paragraph. The commissioner shall, on or before July 1, 1975, notify the municipal officers in any administrative unit whose allocation for the year 1974-75 is adjusted in accordance with this paragraph.

Sec. 29. 20 MRSA, § 3713, sub-§ 3, ¶ E, as last amended by PL 1973, c. 783, § 37, is repealed.

Sec. 30. 20 MRSA, § 3713, sub-§§ 4 to 7, as enacted by PL 1973, c. 556, § 1, and as amended, are repealed.

Sec. 31. 20 MRSA, § 3713, sub-§ 9, first sentence, as last amended by PL 1973, c. 783, § 40, is further amended to read:

Balances of ~~state and local~~ allocations at the end of June 30th each year may be carried forward to meet the next year's school needs in an amount not to exceed 10% of the total state and local allocation of the year just completed.

Sec. 32. 20 MRSA, § 3713, sub-§§ 11 and 12, are enacted to read:

11. The legislative body of any administrative unit may, in addition to the unit's allocation under this section and in addition to any additional local funds appropriated under subsection 3, paragraph B, authorize an additional expenditure for either elementary or secondary pupils or both not to exceed a local appropriation of $1\frac{1}{4}$ mills on the state valuation of the unit in effect on January 1st of the same calendar year and $1\frac{1}{4}$ mills on the state valuation in effect on July 1st of the same calendar year. An administrative unit is authorized to appropriate a maximum of \$125 per pupil per year under this subsection. If the additional school levy authorized under this subsection fails to produce \$50 per pupil per mill levied, the commissioner shall add to the allocation of the unit for the unit's fiscal year a sum which, when combined with the local levy under this section shall equal \$50 per pupil per mill. Said sum may be paid during the last month of the unit's fiscal year.

No municipality shall appropriate for school purposes an amount exceeding the local allocation under this section, supplemented by any amounts raised under subsection 3, paragraph B and under this subsection. However, upon petition to the State Board of Education and upon a showing that unusual circumstances require additional expenditures in order to avoid serious educational hardship in any administrative unit, the State Board of Education may grant authority for additional appropriations for school purposes. Moneys appropriated under such a special grant of authority by the State Board of Education shall not be included in any future calculation of state or local average per pupil operating costs, total education costs or any component of total education costs.

12. State aid to local administrative units for major capital outlay, debt service on all construction projects approved by the administrative unit prior to July 1, 1973 or subsequent to July 1, 1975 and for purchases of school buses shall be computed as follows:

A. The Commissioner of Educational and Cultural Services shall, on the effective date of this Act, and thereafter annually on July 1st of each year, compute the per pupil valuation for every school administrative unit rounded downward to the nearest \$1,000. The average number of pupils educated at public expense in grades K through 12 on October 1st and April 1st of the most recently completed year prior to any computation performed under this paragraph shall be used in performing that computation.

B. That administrative unit or units whose per pupil valuation, as computed under this section, is equal to the average state valuation per pupil rounded downward to the nearest \$1,000 shall receive state aid in the amount of 50% of expenditures for the purposes set forth in this subsection.

C. For every increase of \$1,000 in per pupil valuation above the average state valuation per pupil there shall be a reduction of 1½% in state aid until 0% is reached.

D. For every decrease of \$1,000 in per pupil valuation below the average state valuation per pupil there shall be an increase of 1½% in state aid. No unit shall receive more than 90% of total expenditures in state aid.

State aid for the purposes set forth in this subsection shall be computed and paid to the unit in the same year as the unit's obligations occur. Any state obligation for school construction bonds issued as a result of construction projects approved between May 11, 1966 and April 27, 1967 shall be honored as originally authorized. School construction projects which are still under construction and for which the State Board of Education has approved the alternate method of payment of aid under section 3460, shall continue to receive aid under section 3460 until completion of such aid payments. All of the provisions of section 3460 shall continue to apply to such aid payments. Every administrative unit must file a final cost report with the commissioner on each school construction project within one year of the occupancy of the building, such report to be used for purposes of computation of aid under this subsection and to be in such form as the commissioner may require.

Sec. 33. 36 MRSA, § 292, 3rd ¶, last sentence, as repealed and replaced by PL 1969, c. 502, § 3, is amended to read:

The valuation thus determined shall be certified to the State Tax Assessor who shall, if necessary, incorporate the decision in the valuation certified pursuant to section ~~327~~ 305, subsection 1.

Sec. 34. 36 MRSA, § 305, sub-§ 1, as enacted by PL 1973, c. 620, § 10, is amended by adding at the end the following:

The valuation as filed shall remain in effect until the next valuation is filed and shall be the basis for the computation and apportionment of the state and county taxes.

Sec. 35. 36 MRSA, § 381, as last amended by PL 1971, c. 107, § 1, is repealed and the following enacted in place thereof:

§ 381. State valuation; definition; to be filed with Bureau of Property Taxation annually; abatement

The term "state valuation" as used in reference to the unorganized territory in this Title, except in chapter 103 and section 1147, shall mean an annual valuation of all taxable real estate and all taxable personal property not located within a municipality. The annual valuation is to be completed by and on file in the office of the Bureau of Property Taxation prior to the assessment of the annual property tax in the unorganized territory. The annual

valuation is to be based on the status of property on April 1st. In chapter 103 and section 1147 and outside of this Title, the term "state valuation" refers to the valuation filed with the Secretary of State pursuant to section 305, subsection 1.

The State Director of Property Taxation may, on his own knowledge or on written application stating the grounds therefor, make such abatements as he believes reasonable under the law. Such abatements require the approval of the Governor and Council, except when directed by the court. Appeals from the abatement decision of the State Director of Property Taxation shall be taken in accordance with sections 477 or 480, unless otherwise specified by law.

Sec. 36. 36 MRSA, § 451, as last repealed and replaced by PL 1973, c. 783, § 45, is repealed and the following enacted in place thereof:

§ 451. Rate of tax

For necessary expenses of local and State Government, a tax is assessed at the rate of $3\frac{7}{8}$ mills on the dollar applied to a 100% valuation for the period January 1st through June 30, 1975, $9\frac{1}{4}$ mills for the fiscal year ending June 30, 1976, $10\frac{3}{4}$ mills for the fiscal year ending June 30, 1977, $12\frac{1}{4}$ mills for the fiscal year ending June 30, 1978, and $13\frac{3}{4}$ mills for the fiscal year ending June 30, 1979, and every year thereafter upon each municipality and the unorganized territory.

In addition to the above, a uniform school tax is assessed which shall be determined as follows: The Commissioner of Educational and Cultural Services, with the approval of the State Board of Education, shall annually, prior to February 3rd, certify to the State Director of Property Taxation the total education costs for the preceding year, adjusted by the average percentage change in such total education costs experienced in the 2 previous years.

A uniform school tax is assessed at a rate equivalent to 25% of the certified costs for the period January 1st through June 30, 1975; 50% of the certified costs for the fiscal year ending June 30, 1976; 45% of the certified costs for the fiscal year ending June 30, 1977 and 40% of the certified costs for fiscal year ending June 30, 1978 and thereafter; divided by the state valuation then in effect. The rate so determined is to be adjusted upward to the nearest $\frac{1}{4}$ mill.

The State Director of Property Taxation shall determine the tax rate and the amount to be assessed on each municipality and the unorganized territory. In any event, such rate shall never exceed whatever shall from time to time be the weighted average municipal tax rate. The "weighted average municipal tax rate" means the total municipal property taxes levied statewide for the previous year, as determined by the State Director of Property Taxation from the annual return of municipal assessors pursuant to section 383, divided by the state valuation of municipalities in effect for the previous year adjusted to a 100% basis. The valuation as determined by the State Director of Property Taxation, as set forth in the statement filed by him as provided by section 305, subsection 1, shall be the basis for the computation and apportionment of the tax assessed.

The method for determining the amount of state tax due in a calendar year is to add the state tax for the period January 1st to June 30 of the same year to the state tax for the period July 1st to December 31st of the same year. The state tax as determined for a fiscal year is to be divided by 2 to establish the amount of tax for the period July 1st to December 30th or January 1st to June 30th.

The State Director of Property Taxation shall before July 1st, annually, determine the amount of state tax to be assessed and collected for the year in the unorganized territory. The rate of taxation in the unorganized territory is to be determined by dividing the amount of state tax by the total valuation of taxable property in the unorganized territory on April 1st of the same year.

Sec. 37. 36 MRSA, § 452, is repealed and the following enacted in place thereof:

§ 452. Assessment of state property tax

In 1975 the state tax described in section 451 is to be assessed as of January 1, 1975 for the period January 1st through June 30, 1975. On July 1, 1975 and on each July 1st thereafter the state tax described in section 451 is to be assessed for the fiscal year ending June 30th of the following calendar year.

As soon as practicable after April 1st, annually, the State Director of Property Taxation shall certify to each municipality the amount of state tax due under section 451 in the current calendar year. The State Director of Property Taxation shall send the certification to the municipal officers of each municipality requiring them to assess the sum so certified, according to the law for the assessment of taxes and add the amount of such tax to the amount of county and municipal taxes to be by them assessed in their municipality.

Sec. 38. 36 MRSA, § 453, as last repealed and replaced by PL 1973, c. 783, § 46, is repealed and the following enacted in place thereof:

§ 453. Payment of state tax by municipalities

The certification made pursuant to section 452 shall require the municipal officers to issue their warrant, requiring the collector of their municipality to collect and pay to the treasurers of their municipality the sums against said municipality required by this subchapter. The municipal treasurer shall pay to the treasurer of the School Administrative District or community school district, where such a district exists, in quarterly installments, that portion of the school tax levied under section 451 which does not exceed the municipality's share of the allocation to the administrative unit as computed and adjusted under Title 20, section 3713. The Commissioner of Educational and Cultural Services shall annually, on or before February 15th, notify the municipal officers of each municipality of the amount allocated to that municipality pursuant to Title 20, section 3713 for the coming year and of the amount of the school tax, if any, which shall be paid to the Treasurer of State. Each municipal treasurer shall pay to the Treasurer of State a sum equivalent to that portion of the school tax levied under section 451 which exceeds the municipality's share of the allocation and adjustments to the

unit as computed under Title 20, section 3713. For the calendar year 1975 and thereafter, payments of amounts due shall be made to the Treasurer of State in semiannual installments payable on or before the 15th day of June and on or before the 15th day of December, except that no such payments shall be required on or before the 15th day of December 1975 and on or before the 15th day of June 1976. The amounts of the school tax which would otherwise be payable to the Treasurer of State on or before the 15th day of December 1975 and on or before the 15th day of June 1976 may be disbursed by the municipal treasurer for necessary expenses of local government as determined or appropriated by the legislative body of such municipality within the purposes specified in Title 30.

A municipality's "excess mill rate" is the amount by which the current year's uniform school tax rate, as computed under section 451, exceeds the sum of the municipality's previous year's school tax rate plus $2\frac{1}{2}$ mills on state valuation adjusted to 100%. For the year 1975 only, moneys raised by the "excess mill rate," if any, shall not be treated as part of the uniform school tax levied under section 451, and shall be distributed by the municipal treasurer for the necessary expenses of local government as determined or appropriated by the legislative body of such municipality within the purposes specified in Title 30. For the years 1976 and thereafter, such moneys shall be treated as part of the school tax levied under section 451. For the year 1975 only, the Commissioner of Educational and Cultural Services shall, on or before February 15th, notify the municipal officers of each municipality of that municipality's "excess mill rate," if any, as described in this paragraph.

The tax assessed under the first paragraph of section 451, in each municipality shall be paid when collected to the treasurer thereof to be by him disbursed for necessary expenses of local government as determined or appropriated by the legislative body of such municipality within the purposes specified in Title 30.

Sec. 39. 36 MRSA, § 455, first ¶, as enacted by PL 1973, c. 592, § 4-A, is repealed and the following enacted in place thereof:

Personal property otherwise exempt from taxation under section 655, subsection 1, paragraphs A, B, C and D shall be subject to tax commencing April 1, 1974 and continuing until April 1, 1976 for the tax year ending March 31, 1977 at a rate of $21\frac{3}{4}$ mills.

Sec. 40. 36 MRSA, § 476, as enacted by PL 1973, c. 620, § 10, is amended to read:

§ 476. Notice of decision

The chief assessor or the State Director of Property Taxation shall give to any person applying to him for an abatement of taxes notice in writing of his decision upon such application within 10 days after he takes final action thereon. If a chief assessor or the State Director of Property Taxation, before ~~which~~ whom an application in writing for the abatement of a tax is pending, fails to give written notice of his decision within 90 days from the date of filing of such application, the application shall be deemed to have

been denied and the applicant may appeal as provided, unless the applicant shall in writing have consented to further delay.

Sec. 41. 36 MRSA, § 477, as enacted by PL 1973, c. 620, § 10, is amended to read:

§ 477. Appeals to board of assessment review

If the chief assessor or the State Director of Property Taxation refuses to make the abatement asked for, the applicant may apply in writing to the board of assessment review within 30 days after notice of the decision from which such appeal is being taken or after the application shall be deemed to have been denied, and if the board thinks he is overassessed, he shall be granted such reasonable abatement as the board thinks proper. Either party may appeal from the decision of the board of assessment review directly to the Superior Court, under the conditions provided for in section 481. Appeals to the board of assessment review shall be directed to the chairman of the state board of assessment review ~~State Tax Assessor~~, who shall convene the board to hear the appeal and shall notify all parties of the time and place thereof.

Sec. 42. 36 MRSA, § 484, 2nd, 3rd, 4th and 5th ¶¶, as enacted by PL 1973, c. 620, § 10, are amended to read:

If no abatement is granted, judgment shall be rendered in favor of the primary assessing area or the assessing district, and for its costs, to be taxed by the court. If an abatement is granted, judgment shall be rendered in favor of the primary assessing area or the assessing district for such valuation as the court shall find applicable and the court may make such order relating to the payment of costs as justice shall require.

If it shall be alleged in the application that the applicant has paid the taxes for which he has been assessed, and if the court shall so find, judgment for the amount of taxes equivalent to the abatement granted shall also be rendered against the municipality, or the State according to the taxing jurisdiction, and execution therefor shall issue as in civil actions.

Claims for abatement on several parcels of real estate may be embraced in one appeal, but judgment shall be rendered and execution shall issue on each ~~several~~ separate parcel.

The final judgment of the court shall be forthwith certified by the clerk to the Executive Committee and the municipal officers of the municipality or to the State Director of Property Taxation depending on where such tax was assessed.

Sec. 43. 36 MRSA, § 1231, first ¶, last sentence, is repealed as follows:

~~None of the property described in this section shall be included in the state valuation as made for unorganized townships~~

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

STATEMENT OF FACT

This bill would accomplish the purposes set forth in the recommendations of the final report of the education subsidy commission submitted to the 107th Legislature on January 27, 1975.