

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES (Filing No. H-906)
107TH LEGISLATURE
FIRST SPECIAL SESSION

HOUSE AMENDMENT "C " to HOUSE AMENDMENT "B" to H.P. 1873,
L.D. 2031, Bill, "AN ACT to Repeal and Replace the Present
School Finance Law."

Amend said Amendment by inserting before the first
paragraph the following:

'Amend said Bill in section 1 by striking out all of the
first and 2nd paragraphs of that part designated "§3741." and
inserting in place thereof the following:

It is the intent of the Legislature to limit the burden
of basic education costs in public schools which are borne
by the property tax to no more than 50% of the basic education
appropriation and to provide at least 50% of the basic education
appropriation from state general fund revenue sources other
than the property tax.'

Further amend said Amendment by striking out the word
"Amend" in the first line of the first paragraph and inserting
in place thereof the words 'Further amend'

Further amend said Amendment by inserting after subsection
10 of the 34th paragraph the following:

'11. Reduction in allotment. The allocation determined
pursuant to this section for each municipality or district shall
be reduced by the amount of revenue that can be raised in the
municipality or the municipalities constituting the district
if a tax were assessed and collected at the rate of 14.5 mills

applied to the municipality's state valuation adjusted to 100%
in effect for the year in which the allocation is made.

Any unit which raises less than its allocation as determined
in this section and assesses and collects a tax of less than
14.5 mills shall have its allocation reduced by the same
percentage that its assessed tax rate is less than the 14.5
mill tax rate. No municipality within an administrative unit
shall be required to raise more than its portion of the unit's
allocation. When any municipality within an administrative
unit assesses and collects a tax of 14.5 mills and raises less
than its portion of the unit's allocation, the commissioner
shall adjust the allocation to the unit to reflect an amount
which is equivalent to the difference between the amount raised
with the 14.5 mill tax rate and the municipality's portion of
the unit's allocation. For any municipality within an administrative
unit, its portion of the unit's allocation shall be the same
percentage of that allocation as the total resident pupils of
the municipality is of the total resident pupils of the administrative
unit.'

Further amend said Amendment by striking out all of the
40th paragraph which relates to subsection 2 of that part
designated "§451." of section 3 and inserting in place thereof the
following:

'Further amend said Bill by striking out all of section 3 and inserting in place thereof the following:

Sec. 3. 36 MRSA §451, as last amended by P&SL 1975, c. 78, §21, is repealed and the following enacted in place thereof:

§ 451. Rate of tax

1. Property tax for expenses of local and State Government. For necessary expenses of local and State Government, a tax assessed at the rate of $9\frac{1}{4}$ 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 each municipality, the tax assessed under this subsection 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. The tax assessed under this subsection upon the unorganized territory shall be paid to the State.

2. Determination. The State Tax Assessor shall determine 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 Tax Assessor from the annual return of municipal assessors pursuant to section 383, divided by the state valuation of municipalities in effect for the previous year.

The valuation as determined by the State Tax Assessor, 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 from each municipality in a calendar year is to add the state tax for the period January 1st to June 30th of the same calendar year to the state tax for the period July 1st to December 31st of the same calendar 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 31st or January 1st to June 30th.

The State Tax Assessor 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.

Fiscal Note

At a tax rate of 14.5 mills this amendment requires an additional 6.4 million dollars from state general fund revenues other than the Uniform Property Tax.

Statement of Fact

The purpose of this amendment is to provide that a municipality's state valuation will be used to determine its ability to raise money for education instead of using it as a basis for imposing a state property tax. This purpose is carried out by eliminating the ~~uniform property tax~~. This amendment is not intended to change the method for determining a unit's allocation or reducing the state's share so no unit presently receiving funds should be damaged. It also does not change the commitment made in the present law to equal educational opportunity. It does, however, return to the municipalities local control for determining the real estate property tax rate. It also equalizes differences in the different abilities of the towns to raise money by reducing a unit's education allocation by the amount of money the town could raise at a uniform rate applied to the town's state valuation.

Filed by Mr. Leonard of Woolwich.

Reproduced and distributed under the direction of the Clerk of the House.

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