

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES (Filing No. H-877)
107TH LEGISLATURE
FIRST SPECIAL SESSION

HOUSE AMENDMENT "B" to H.P. 2020, L.D. 2196, Bill,
"AN ACT to Revise the Laws Relating to Funding of Public Schools."

Amend said Bill in section 1 by adding at the end of that part designated "§3743." the following underlined subsection:

'17. Maintenance of effort. Maintenance of effort is that local appropriation needed to maintain the unit's elementary or secondary per pupil operation cost at a level no greater than the level of the unit's base year costs plus 6%.'

Further amend said Bill in section 1 by striking out all of paragraph O of subsection 1 of that part designated "§3744." and inserting in place thereof the following:

'O. Local funds without state participation raised under section 3748, subsection 4, last paragraph;

P. Local funds appropriated as maintenance of effort funds under section 3748, subsection 3, paragraph B to be used during the base year.'

Further amend said Bill in section 1 by inserting before the last sentence of subsection 8 of that part designated "§3747." the following underlined sentence:

'The uniform property tax rate for the year 1976-77 shall be 13 mills.'

Further amend said Bill in section 1 by striking out all of the 2nd paragraph of subparagraph (1) of paragraph C of subsection 1 of that part designated "§3748." and inserting in place thereof the following:

'Reimbursement for any special education programs shall be limited to the estimated costs used in compiling the commissioner's recommendation and adjusted by the Legislature in its establishment of the basic education appropriation for this item in section 3747, subsection 3, paragraphs C and D or \leftrightarrow the actual expenditures, whichever is less.'

Further amend said Bill in section 1 by striking out all of the first sentence of subparagraph (2) of paragraph C of subsection 1 of that part designated "§3748." and inserting in place thereof the following:

'Reimbursement for vocational education shall be limited to the estimated costs used in compiling the commissioner's recommendation and adjusted by the Legislature in its establishment of the basic education appropriation for this item in section 3747, subsection 3, paragraph E or the actual expenditures, whichever is less.'

Further amend said Bill in section 1 by striking out all of subparagraph (3) of paragraph C of subsection 1 of that part designated "§3748." and inserting in place thereof the following:

'(3) Transportation of pupils, including the purchase of buses. Reimbursement for transportation operating costs shall be limited to the estimated costs used in compiling the commissioner's estimate and adjusted by the Legislature in its establishment of the basic education appropriation for this item in section 3747, subsection 3, paragraph F or the actual expenditures, whichever is less.'

Further amend said Bill in section 1 by adding at the end of paragraph B of subsection 3 of that part designated "§3748." the following:

'Each unit may appropriate additional local funds to maintain its average elementary or secondary operating costs at a level no greater than the level of the unit's base year costs plus 6%. Local funds raised under this paragraph shall be known as maintenance of effort funds.'

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 paragraph.

An article in substantially the following form must be used when any municipality, School Administrative District or community school district is considering the appropriation of additional local funds under this paragraph:

Article : To see what sum the municipality or district will raise and appropriate for maintenance of effort to maintain per pupil school operating costs at a level no greater than the level of the base year costs plus 6%.'

Further amend said Bill in section 1 by inserting after the underlined words "this section" and before the underlined word "authorize" in the first sentence of subsection 4 of that part designated "§3748." the following: 'and after the maximum maintenance of effort funds have been raised as provided under subsection 3, paragraph B,'

Further amend said Bill in section 1 by inserting at the end of subsection 4 of that part designated "§3748." the following underlined paragraph.

'No unit shall appropriate toward its total education costs an amount exceeding the local allocation as provided and adjusted under subsections 1, 2 and 3 and any other amounts, as provided under subsection 4. If any unit petitions to the State Board of Education and demonstrates that unusual circumstances require additional appropriations and expenditures in order to avoid serious educational hardship in the unit, the State Board of Education shall grant authority to the unit to make 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 calculations of the state or local average per pupil operating costs and shall be reported as local funds without state participation in future calculations

of the actual costs of education as provided in section 3744, subsection 1, paragraph O.'

Further amend said Bill in section 1 by striking out all of that part designated "\$3749."

Further amend said Bill in section 1 by renumbering that part designated "\$3750." to be '\$3749.'

Further amend said Bill in section 2 by striking out all of the first and last sentences of the 2nd paragraph of subsection 11 and inserting in place thereof the following:

'Under the subsection, an administrative unit is authorized to appropriate a maximum of \$62.50 per pupil for this 6-month period ending June 30, 1976 for the pupils specified in section 3713, subsection 1.

Said sum shall be paid no later than the last month of the unit's fiscal year.'

Further amend said Bill in section 4 by inserting at the end of subsection 2 of that part designated "\$451." the following:

'The uniform property tax rate for the year 1976-77 shall be 13 mills.'

Further amend said Bill by inserting before the emergency clause the following:

'Sec. 5. 36 MRSA §5111, as enacted by P&SL 1969, c. 154, Section F, §1, is repealed and the following enacted in place thereof:

'§5111. Imposition and rate of tax

A tax is hereby imposed for each taxable year on the entire taxable income of every resident individual of this State and on the taxable income of every nonresident individual which is determined in accordance with the following table:

<u>If the taxable income is:</u>	<u>The tax is:</u>
<u>Not over \$2,000</u>	<u>1% of the taxable income.</u>
<u>\$ 2,000 but not over \$ 5,000</u>	<u>\$ 20 plus 2% of excess over \$ 2,000</u>
<u>\$ 5,000 but not over \$10,000</u>	<u>\$ 80 plus 3% of excess over \$ 5,000</u>
<u>\$10,000 but not over \$15,000</u>	<u>\$ 230 plus 4% of excess over \$10,000</u>
<u>\$15,000 but not over \$20,000</u>	<u>\$ 430 plus 6% of excess over \$15,000</u>
<u>\$20,000 but not over \$25,000</u>	<u>\$1,030 plus 8% of excess over \$20,000</u>
<u>\$25,000 but not over \$30,000</u>	<u>\$1,480 plus 9% of excess over \$25,000</u>
<u>\$30,000 but not over \$35,000</u>	<u>\$2,030 plus 11% of excess over \$30,000</u>
<u>\$35,000 but not over \$40,000</u>	<u>\$2,680 plus 13% of excess over \$35,000</u>
<u>\$40,000 but not over \$45,000</u>	<u>\$3,430 plus 15% of excess over \$40,000</u>
<u>\$45,000 but not over \$50,000</u>	<u>\$4,280 plus 17% of excess over \$45,000</u>
<u>\$50,000 or more</u>	<u>\$5,130 plus 18% of next \$5,000 of taxable income or part thereof;</u>

and 1% shall be added to the previous percentage assessed for each additional \$5,000 of taxable income or part thereof, but in no case shall the percentage of tax assessed against any \$5,000 increment of taxable income exceed 50% of that increment, and in no case shall the entire tax exceed 30% of the entire taxable income.

Further amend said Bill by striking out all of the emergency clause and inserting in place thereof the following:

'Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect July 1, 1976, except section 2 and section 3749 of Title 20 of section 1 of this Act which shall become effective when approved.'

Fiscal Note

The total appropriation required by this amendment is \$262,420,439. This figure represents the costs of public education for 1976-77 and, therefore, does not include the approximately 7.7 million dollars for which the State has obligations in the present year under local leeway provision.

The uniform property tax of 13 mills will raise \$118,048,754 and the balance of \$144,371,685 will be required from General Fund sources other than the uniform property tax.

The present version of the Education Committee's bill, L.D. 2196, would raise \$122,589,090 from a 13.5 mill uniform property tax leaving a balance of \$138,271,416. In addition, the bill provides \$3,000,000 of the 7.7 million dollars of local leeway obligations. The committee bill would then require a total of \$141,271,416 in General Fund revenue other than the uniform

property tax.

A total of \$133,882,786 is budgeted for 1976-77 from General Fund sources other than the uniform property tax. L.D. 2196 would require an additional \$7,388,630. This amendment, by reducing the mill rate to 13 mills, would require an additional \$10,488,899. This amendment provides for an increase in the income tax which will raise the additional 10.5 million dollars.

Under the change in the income tax provided in this amendment, no income group would pay less tax than is currently paid by that group. Persons with taxable income of \$15,000 or less would pay the same tax as they currently pay and taxes gradually increase for persons with taxable income above \$15,000.

Statement of Fact

The purpose of this amendment is to:

1. Establish a mill rate of 13 mills for the uniform property tax.
2. Reestablish maintenance of effort and provide that maintenance of effort funds are raised before units can take advantage of the "local leeway" option. Local leeway is now called optional local funds with state participation.
3. Remove language which would defer the payment of current year local leeway obligations until December 31, 1976.
4. Reinstate reimbursement of special education and vocational education programs to 100% to be consistent with the State's mandating of these programs.

5. Provide that only the units which exceed their estimates will be affected by a less than 100% reimbursement in the special education, vocational education and transportation.

6. Reestablish a ceiling on local education spending but provide that in unusual circumstances the local unit may spend above this ceiling in order to avoid educational hardship. The state board is authorized to waive the spending ceiling in such cases.

7. Retain reimbursement for special tuition on a current year basis and remove the authority to pro rate reimbursements for this item.

8. Retain the counting of vocational and special education students as regular students for subsidy purposes and provide for reimbursements^{to}/professionals associated with such programs.

9. Retain the contingent fund for unusual enrollment increases.

10. Provide for^{an} income tax increase of 10.5 million dollars to fund the reduction in the uniform property tax provided in this amendment.

Filed by Mrs. Najarian of Portland.

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