

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES (Filing No. H-920)
107TH LEGISLATURE
FIRST SPECIAL SESSION

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

Amend said Bill by inserting after the enacting clause the following:

'Sec. 1. 20 MRSA §358, as last amended by PL 1975, c. 510, §18, is further amended by inserting after the 2nd paragraph the following new paragraph:

Notwithstanding any other provision of law, expenditures for bus purchases approved by the commissioner shall not be included within expenditure limitations placed on administrative units by other sections of this Title. The commissioner is directed to encourage administrative units, whenever possible, to pay for the cost of new buses from current funds rather than from short-term loans.'

Further amend said Bill in section 1 in that part designated "§3743." by inserting after the underlined word "year" in the 4th line of subsection 6 (3rd line in L.D.) the underlined words and figure and punctuation ', increased by 6%,'

Further amend said Bill in section 1 in that part designated "§3743." by inserting after the underlined word "year" in the 4th line of subsection 7 (3rd line in L.D.) the underlined words, figure and punctuation ', increased by 6%,'

Further amend said Bill in section 1 in that part designated "§3745." by striking out in the first 2 lines of the 2nd paragraph (first line of L.D.) the following "The costs of section 3743, subsection 13, paragraphs C, E, F" and inserting in place thereof the following 'The requested funding levels for section 3743, subsection 13, paragraphs C, E and F'

Further amend said Bill in section 1 in that part designated "§3747." by inserting at the end of subsection 6, before the period, the following: 'and for subsection 4'

Further amend said Bill in section 1 in that part designated "§3748." by striking out all of the last sentence of subparagraph (1) of paragraph C of subsection 1 and inserting in place thereof the following:
'The units must live within their estimates as certified by the commissioner and adjusted by the Legislature.

Further amend said Bill in section 1 in that part designated "§3748." by striking out all of subparagraph (4) of paragraph C of subsection 1 and inserting in place thereof the following:

'(4) Debt service. Principal and interest costs for major capital projects approved prior to the effective date of this Act shall be reimbursed in the amount of current year costs.'

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

'A. If the administrative unit's average elementary or secondary per pupil operating cost in the base year is less than the basic elementary or secondary per pupil operating rate, the per pupil allocation for elementary or secondary pupils respectively shall be limited to an amount which equals the unit's average per pupil operating cost for the base year, increased by 6%, plus an amount equivalent to 1/3 of the difference between the unit's per pupil elementary or secondary cost for the base year, as adjusted, and the basic elementary or secondary per pupil operating rate respectively.'

Further amend said Bill in section 1 in that part designated "§3748." by striking out in the 11th line of subsection 4 (8th line in L.D.) the underlined figure "\$95" and inserting in place thereof the underlined figure '\$90'

Further amend said Bill in section 1 in that part designated "§3748." by striking out in the 13th, 22nd and 25th lines of the first paragraph/^{of subsection 4}(10th, 16th and 19th in L.D.) the underlined figures "\$47.50" and inserting in place thereof the underlined figure '\$45'; and by striking out in the 5th line of the 1st/^{blocked}paragraph of subsection 4 (3rd/^{line}in L. D.) the underlined figures "\$47.50" and inserting in place thereof the underlined figure '\$45'

Further amend said Bill in section 1 in that part designated "§3748." by adding at the end of subsection 4 the following blocked 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 this subsection. 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 in that part designated "§3748." by striking out all of subsection 10 and inserting in place thereof the following:

'10. Reimbursement for transportation. Notwithstanding any other provision of this chapter, the commissioner shall reimburse 90% of the preceding year's expenditures reported by any municipality for providing the transportation of school children to and from schools other than public schools, except such schools as are operated for profit in whole or in part.

The total amount reimbursed under this subsection shall not the level of funds appropriated exceed/for this item under section 3747, subsection 4.'

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

'12. Unexpended balances. The commissioner is authorized to apply all unexpended balances in any of the above programs to the major capital fund which shall be a nonlapsing account.'

Further amend said Bill in section 1 in that part designated "§3749." by adding at the end the following:

'3. Effective date. Subsection 1 and 2 of this section shall be in effect from July 1, 1976 until June 30, 1977.'

Further amend said Bill in section 4 in that part designated "§451." by striking out all of the last 2 sentences of subsection 2 and inserting in place thereof the following:

'The uniform property tax rate shall be 13 mills for the period beginning July 1, 1976 and ending June 30, 1977. The rate shall be applied to the state valuations of each municipality and property in the unorganized territory.'

Further amend said Bill by renumbering sections 1 to 4 to be sections 2 to 5.

Further amend said Bill by adding at the end, before the emergency clause, the following:

'Sec. 6. 36 M RSA §4365, first sentence, as last amended by PL 1973, c. 768, §2, is further amended to read:
A tax is imposed on all cigarettes held in this State by any person for sale, said tax to be at the rate of ~~8~~-10½ mills for each cigarette and the payment thereof to be evidenced by the affixing of stamps to the packages containing the cigarettes. The increase in tax to 10½ mills authorized under this section shall revert back to 8 mills effective January 1, 1977.

Sec. 7. 36 M RSA §4365, next to last sentence, as last amended by PL 1973, c. 768, §3, is further amended to read:
The Tax Assessor thereupon shall notify the unclassified importer of the amount of the tax due thereon, which shall be at the rate of 8-10½ mills per cigarette.

Sec. 8. PL 1973, c. 768, §4, is amended to read:

Sec. 4. Cigarettes on hand; stamping or account; waiver provisions. The State Tax Assessor may by regulation waive for a period of not over 7 days following the effective date of ~~sections-2-and-3~~ payment of additional tax by retail dealers with respect to stocks of cigarettes properly stamped at the rate of ~~7~~ 10½ mills per cigarette sold during such period, provided such stocks were on hand as of the effective date ~~of sections-2-and-3~~ and pursuant thereto, the State Tax Assessor may also waive for the same period the application to retail dealers of Title 36, sections 4369, 4370 and 4372 as respects such cigarettes.

Nothing herein shall be construed to authorize any distributor or subjobber to distribute to any retail outlet cigarettes not properly stamped at the rate of ~~8~~ 10½ mills per cigarette.

Cigarettes in the hand of retail dealers subsequent to the period of waiver provided for above, not properly stamped at the rate of ~~8~~ 10½ mills per cigarette, shall be subject to confiscation under the provision of Title 36, section 4372; and such retailer shall be subject to any other penalties by law provided.

The cigarette stock on hand by distributors, subjobbers and retail dealers stamped at the rate of 10½ mills as of December 31, 1976 shall be subject to refund of 2½ mills upon application to the State Tax Assessor on forms prescribed by the assessor. Applications for refunds shall be filed with the State Tax Assessor on or before January 31, 1977. The State Tax Assessor, after being satisfied that the refund application is in order, shall certify the amount and name of the person entitled to the refund to the Treasurer of State. The Treasurer of State shall thereupon make such refund.

Sec. 9. Appropriation. There is appropriated from the General Fund to the Department of Finance and Administration, Bureau of Taxation, the sum of \$15,000 to carry out the purposes of sections 6, 7 and 8 of this Act. The breakdown shall be as follows:

1976-77

FINANCE AND ADMINISTRATION, DEPARTMENT OF

Bureau of Taxation

All Other

\$15,000

Sec. 10. 36 MRSa §5111, as enacted by P&SL 1969,

c. 154, §F, §1, is amended by adding at the end the following:

There shall be imposed an additional tax of 26% of the tax imposed on the entire taxable income for the calendar year of 1976 of every resident individual of this State and the taxable income for the calendar year 1976 of every nonresident individual which is derived from sources within this State. The amount of additional tax imposed when a taxpayer's return covers a fiscal year including a portion of the calendar year 1976 shall be determined as set forth in section 5234.

Sec. 11. 36 MRSA §5234 is enacted to read:

§5234. Fiscal year tax determination

If any rate of tax imposed by this Part changes, and if the taxable year includes the effective date of change, unless that date is the first day of the taxable year, then the tax for such taxable year shall be a sum composed of an amount equal to the tax computed for the entire taxable year at the old rate times the proportion, determined by days, of the taxable year at the old rate plus an amount equal to the tax computed for the entire taxable year at the new rate times the proportion, determined by days, of the taxable year at the new rate.

Sec. 12. Appropriation. There is appropriated from the General Fund to the Department of Finance and Administration, Bureau of Taxation, the sum of \$36,000 to carry out the purposes

of sections 10 and 11. The breakdown shall be as follows:

1976-77

FINANCE AND ADMINISTRATION, DEPARTMENT OF

Bureau of Taxation

Personal Services	(1)	\$10,000
All Other		25,000
Capital Expenditures		<u>1,000</u>
		\$36,000'

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 sections 3 and 5 and section 3750 of Title 20 of section 1 of this Act which shall become effective when approved and except section 3748, subsection 4, last paragraph of section 1 of this Act which shall become effective July 1, 1977. Sections 6, 7, 8, 10 and 11 of this Act shall take effect when approved.'

Fiscal Note

Section 2 of this amendment would distribute funds in 1976-77 as follows:

1. Elementary and secondary operating costs	\$200,400,000
2. Special education local programs (at 90%)	7,929,770
3. Special education tuition	3,550,000
4. Vocational education (at 90%)	5,967,828
5. Transportation	
(a) operating costs (at 90%)	13,903,403
(b) bus purchases	1,965,668
6. Debt service	
(a) insured value and leases	710,164
(b) principal and interest	26,000,000
7. Major capital - for emergency construction needs	200,000
8. Geographic isolation	285,000
9. Unusual enrollment	600,000
10. Private school transportation	180,000
11. Local funds with state participation (1/2 yr)	3,300,000
	<u>\$264,991,833</u>
Less PL 874 funds	<u>2,400,000</u>
	<u>\$262,591,833</u>

A uniform property tax rate of 13 mills would raise \$118,048,754 and the balance of \$144,543,079 would be provided from general fund tax sources.

The remainder of the state's obligation for 1975-76 including the amount attributable to leeway being voted by those units presently converting to the uniform fiscal year will require funding through other legislation.

Sections 6,/^{7,10 and 11} of this amendment will:

1. Place a 26% surtax on personal income tax effective January 1, 1976 and will produce additional undedicated revenue for this biennium of \$13,520,000.

2. Impose 5¢ additional tax on cigarettes effective April 1, 1976 for a period of 9 months will produce undedicated revenue of \$5,250,000.

Statement of Fact

The purpose of this amendment is as follows:

1. Reinstate the 6% increase on local base year per pupil operating costs for one year only.
2. Specify that 90% of private school transportation expenditures would be subject to reimbursement.
3. To apply unexpended balances in all program accounts to the major capital fund which would be a continuing account.
4. To provide that the ceiling on local education spending will be reestablished on July 1, 1977.
5. To lower the proposed mill rate from 14 1/2 mills to 13.0 mills and to transfer this burden to the income tax.
6. To face the current deficit and the deficit carrying forward from 1975 with a one-time cigarette tax of limited duration.
7. To establish the mill rate of the uniform property tax at 13 mills.

Filed by Mrs. Najarian of Portland. (Cosponsor: Mr. Palmer of Nobleboro)

Reproduced and distributed under the direction of the Clerk of the House.
2/19/76

(Filing No. H-920)