

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

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**Legislative Document**

**No. 1023**

H. P. 889

House of Representatives, March 16, 1977

On motion of Mr. Carey of Waterville referred to the Committee on Taxation. Sent up for concurrence and 2,000 ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Mackel of Wells.

Cosponsors: Mrs. Post of Owl's Head, Mr. Valentine of York and Mr. Perkins of Blue Hill.

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**STATE OF MAINE**

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-SEVEN

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**AN ACT to Repeal the Uniform Property Tax.**

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

Whereas, the education of the youth of Maine and providing funds therefor is a prime obligation of government and is essential to the preservation of the rights and liberties of the people; and

Whereas, the following legislation is vitally necessary to prevent undue hardship on those Maine citizens who are vitally interested in educating the youth of the State; 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**Sec. 1.** 20 MRSA § 3742, as enacted by PL 1975, c. 660, § 2, is repealed and the following enacted in its place:

**§ 3742. Intent**

It is the intent of the Legislature to limit the burden of education costs in public schools which are borne by the property tax to no more than 50% of

the total basic education allocation and to provide at least 50% of the total basic education allocation from state general fund revenue sources.

It is further the intent of the Legislature that the total basic education allocation, as annually established by the Legislature, shall be an amount sufficient to meet the level of actual education costs in the year immediately prior to the year of allocation.

It is further the intent of the Legislature to reduce the education costs in the nonprofit private schools of this State by reducing such costs to the extent and in the manner permitted by section 3748, subsection 10.

Sec. 2. 20 MRSA § 3743, sub-§ 14, as enacted by PL 1975, c. 660, § 2, is amended to read:

14. ~~Basic Total basic education appropriation~~ **Total basic education allocation.** "Basic Total basic education ~~appropriation~~ allocation" shall mean the amount for all public education programs established by the Legislature under section 3747.

Sec. 3. 20 MRSA § 3744, sub-§ 1, ¶ O, as repealed and replaced by PL 1975, c. 746, § 24-C, is repealed and the following enacted in its place:

O. **Optional local funds without state participation raised under section 3748, subsection 4-A for each of the paragraphs C to F expended during the base year.**

Sec. 4. 20 MRSA § 3747, sub-§ 6, as repealed and replaced by PL 1975, c. 754, § 2, is repealed and the following enacted in its place:

6. **Establishment of the total basic education allocation.** Establish the amount of money which shall be the total basic education allocation. In establishing this amount, the Legislature shall include 90% of the amounts established for subsection 3, paragraphs C, D, E and F, subparagraph (1) and subsection 4.

Sec. 5. 20 MRSA § 3747, sub-§ 8, as amended by PL 1975, c. 754, § 3, is repealed and the following enacted in its place:

8. **Appropriate the funds for unit allocations.** Appropriate the necessary funds to provide the allocations to local administrative units as described in section 3748.

Sec. 6. 20 MRSA § 3747, sub-§ 9 is enacted to read:

9. **Designate a tax rate.** Designate a tax rate which, if applied to the total state valuation would raise not more than 50% of the total basic education allocation. This tax rate shall not be levied but shall be used to measure local tax efforts for purposes of adjusting allocations as provided in section 3748, subsection 3-A.

Sec. 7. 20 MRSA § 3748, sub-§ 2, 2nd sentence, as enacted by PL 1975, c. 660, § 2, as amended to read:

The sum thus obtained shall become the basis for allocation to the unit, subject to adjustments as defined under ~~subsection~~ subsections 3 and 3-A.

**Sec. 8.** 20 MRSA § 3748, sub-§ 3, ¶ E, 2nd sentence, as amended by PL 1975, c. 746, § 24-O, is further amended to read:

The number of pupils in excess of 3% increase shall be multiplied by the appropriate per pupil rate as established in ~~this~~ section 3747 to determine the allowable adjustment.

**Sec. 9.** 20 MRSA § 3748, sub-§ 3-A is enacted to read:

**3-A.** Adjustment for local tax effort. The sum obtained as the result of the computation of allocations under subsections 1 and 2 and the adjustments under subsection 3, paragraphs A, B and D shall be reduced by the amount of revenue that can be raised in the municipality or the municipalities constituting the district if a tax for elementary and secondary education purposes, applied to the municipality's state valuation in effect for the year in which the allocation is made, were assessed and collected at a rate which, if applied to the total state valuation would raise not more than 50% of the total basic education allocation. This rate shall be designated annually by the Legislature as provided in section 3747. Any unit which raises less than its allocation as determined in this section and assesses and collects a tax for elementary and secondary education purposes at a rate less than the rate described in this subsection shall have its allocation reduced by the same percentage that its assessed tax rate is less than the rate described. 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 at a rate as described in this subsection 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 by this 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.

If a municipality or the municipalities constituting a district do not raise and appropriate a sum equal to what would be generated by the rate described in this subsection, then upon written petition to the State Board of Education, within 45 days of the decision on the local tax effort, by 10% of the number of voters in the unit voting for the gubernatorial candidates at the most recent statewide election alleging that the municipality or district is not providing a suitable elementary and secondary education program, the State Board of Education shall conduct an investigation to determine whether the unit is providing a suitable education program when compared to other units of similar size. If after due notice and public hearing the State Board of education determines that the unit is not providing suitable educational programs, the State Board of Education may compel the municipality or municipalities constituting a district to raise and appropriate sufficient sums for a suitable elementary and secondary education program not to exceed that which would be generated at a tax rate as described in this subsection. The State Board of Education is authorized to promulgate reasonable, procedural rules and regulations to implement the disposition of any petition filed under this section.

**Sec. 9-A.** 20 MRSA § 3748, sub-§ 4, last ¶, as enacted by PL 1975, c. 660, § 2, is repealed.

**Sec. 10.** 20 MRSA § 3748, sub-§ 4-A is enacted to read:

**4-A.** Local addition to allocation of state funds. In addition to the allocation of state funds provided by this chapter and any appropriation that may be made under subsection 4, any administrative unit may raise and expend any further funds it deems necessary for educational purposes.

**Sec. 11.** 20 MRSA § 3748, sub-§ 9, as enacted by PL 1975, c. 660, § 2, is repealed.

**Sec. 12.** 20 MRSA § 3749, as amended by PL 1975, c. 746, § 24-V, is repealed.

**Sec. 13.** 20 MRSA § 3750, as repealed and replaced by PL 1975, c. 746, § 24-X, is repealed and the following enacted in its place:

§ 3750. Major capital projects

In the event an administrative unit undertakes major capital projects without the approval of the State Board of Education, those projects shall meet the requirements of all other statutes and shall not be reimbursed with state funds.

**Sec. 14.** 36 MRSA § 451, as repealed and replaced by PL 1975, c. 660, § 5, is repealed and the following enacted in its place:

§ 451. Rate of tax

1. Property tax for expenses of local and state government. For necessary expenses of local and state government, the Legislature shall annually, prior to April 1st, enact legislation establishing a local and state government tax rate which shall be assessed 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 disbursed by him for the necessary expenses of local government as determined or appropriated by the legislative body of that 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. The rate shall not be less than the rate of the tax designated annually by the Legislature, as described in Title 20, section 3747, subsection 9. That 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.

Sec. 15. 36 MRSA § 452, as repealed and replaced by PL 1975, c. 660, § 5, is repealed and the following enacted in its place:

§ 452. Assessment of state property tax

On July 1st annually 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 Tax Assessor shall certify to each municipality the amount of state tax due under section 451 in the current calendar year. The State Tax Assessor 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 this tax to the amount of county and municipal taxes to be by them assessed in their municipality.

Sec. 16. 36 MRSA § 453, as amended by PL 1975, c. 754, § 6, is repealed.

**Emergency clause.** In view of the emergency cited in the preamble, this Act shall be effective from July 1, 1977 to June 30, 1978.

#### STATEMENT OF FACT

The purpose of this bill is to repeal the uniform property tax and replace it with a method of allocating state funds for education which is based on both local need and locally determined tax effort.

This bill retains the present method of determining basic levels of expenditures in all the major education program categories. In addition it retains the present method of allocating funds to local units with the exception of a final adjustment based on the locally determined tax effort of each unit.

The Legislature will annually designate a property tax. The tax will not be levied but will simply be used to measure the local tax effort of each school unit in order to determine what each unit will receive in state funds.

Local units will determine their own property tax rates for education purposes. If any unit levies a tax at less than the designated rate, its share of state funds, if any, will be reduced proportionately. An appeal procedure to the State Board of Education is provided to ensure that adequate education programs are maintained in all units.