

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
108TH LEGISLATURE  
FIRST REGULAR SESSION

(Filing No. H-137)

HOUSE AMENDMENT "A" to H.P. 1160, L.D. 1252, Bill, "AN ACT  
Relating to School Funding and Inventory Tax Reimbursement."

Amend the Bill by striking out everything after the Title  
and inserting in its place the following:

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

Whereas, the statute relating to the repeal of the tax  
on business and agricultural inventories obligate the State to  
reimburse affected municipalities for their revenue loss based on  
inventory taxes assessed in 1973; and

Whereas, it is desirable that starting in fiscal year 1977-78  
a method of distributing these reimbursements be established that  
will eventually be independent of circumstances as they existed  
in 1973; and

Whereas, the present school finance act has increased property  
tax levels for some Maine towns; and

Whereas, the repeal of the uniform property tax, an increase  
in the state share of education funding and a ceiling on educational  
expenditures are necessary for a manageable education funding  
program; 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. 13-A MRSA §1401, sub-§30, as last amended by PL 1973, c. 730, §4, is further amended to read:

30. Annual report of a domestic or foreign corporation, as provided by section 1301, §30 §100;

Sec. 2. 20 MRSA §3742, as enacted by PL 1975, c. 660, §2, is repealed and the following enacted in its place: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 a manner permitted by section 3748, subsection 10.

Sec. 3. 20 MRSA §3743, sub-§14, as enacted by PL 1975, c. 660, §2, is repealed and the following enacted in its place:

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

Sec. 4, 20 MRSA §3747, sub-§1 as enacted by P.L. 1975,

c. 660 §2 is amended to read:

1. Basic elementary per pupil operating rate. Establish the basic elementary per pupil operating rate. The rate for the year beginning July 1, 1977, and ending June 30, 1978, shall be \$830 per pupil.

Sec. 5, 20 MRSA §3747, sub-§2 as enacted by P.L. 1975, c.

660 §2 is amended to read:

2. Basic secondary per pupil operating rate. Establish the basic secondary per pupil operating rate. The rate for the year beginning July 1, 1977, and ending June 30, 1978, shall be \$11.62 per pupil.

Sec. 6, 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. 7, 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. 8, 20 MRSA §3747, sub-§9 is enacted to read:

9. Determine a minimum local property tax effort for education. For the year beginning July 1, 1977, and ending June 30, 1978, a minimum local property tax effort for education shall be a tax rate which raises the lesser of the 2 following amounts.

A. The amount equal to .00115 multiplied by the state valuation of the local unit;

B. The amount equivalent to the unit's allocation prior to the adjustment as provided in section 3748, subsection 3-A.

Sec. 9, 20 MRSA § 3748, sub-§ 2, 2nd sentence, as enacted by PL 1975, c. 669, § 2, is 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. 10, 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. // 20 MRSA §3748, sub-§3-A is enacted to read:

3-A. Adjustment for the minimum local property tax effort for education. The sum obtained as the result of the computation of allocations under subsections I 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 minimum local property tax effort for education, as provided in section 3747, subsection 9, is made. Any unit which raises less than its allocation as determined in this section and makes less than the minimum local property tax effort for education shall receive no State education subsidy payments under this chapter.

< 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 makes the minimum local property tax effort for education 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 effort 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.

*BC* ← If a municipality or the municipalities constituting a district do not raise and appropriate a sum equal to what would be generated by the minimum local property tax effort for education, 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 has not made the minimum local property tax effort for education, the State Board of Education shall conduct an investigation to determine whether the unit has made such an effort. If after due notice and public hearing the State Board of education determines that the unit has not made such an effort, the State Board of Education may compel the municipality or municipalities constituting a district to make the minimum local property tax effort for education. 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. 12. 20 MRSA 3748, sub-§4, as repealed and replaced by PL 1975, c. 746, §24-P, is repealed and the following enacted in its place:

4. Optional local appropriations with state participation.

The legislative body of any administrative unit may, in

addition to the unit's allocation under this section, authorize an additional expenditure for either elementary or secondary pupils, or both, not to exceed a local appropriation of 2 mills on the state valuation in effect on July 1st. Such local appropriations shall be divided equally over a 12-month period and shall not exceed a 1/6 mill levy per month for each month in the unit's fiscal year. The commissioner is required to compute the maximum per pupil amount annually as follows.

The total basic education allowance as set by the Legislature under section 3747, minus the amount of that allocation entitled debt service, shall be divided by the average number of resident pupils on April 1st and October 1st of the latest calendar year. The result shall be multiplied by 12% to determine the maximum allowable per pupil appropriation with state participation. The amount thus determined shall be rounded down to the nearest multiple of \$5.

*Blocked st.*  
← The maximum levy on the municipality within an administrative unit shall not exceed 1/2 of the dollar allowance for each mill levied on that municipality. If the additional school levy

authorized under this subsection fails to produce 1/2 of the per pupil amount 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 1/2 the per pupil rate as set by the commissioner, for each mill levied. Said sum shall be paid annually to the administrative unit no later than December 31st for the previous 12-month period. Administrative units are authorized to establish an "accounts receivable" in anticipation of state aid under this section when the fiscal year closes on June 30th. The funds appropriated under this section shall be called optional funds with state participation

← The purpose of these appropriations is to provide that all administrative units may raise and appropriate moneys in addition to the basic education allocation less debt service. The Legislature shall annually appropriate an amount equal to the maximum state obligation under this section. The amount appropriated under section 3747, subsection 7, shall be the maximum state obligation under this subsection. An article in substantially the following form is to be used when any municipality, school administrative district or community school district is considering the appropriation of additional local funds under this subsection.

Article : To see what sum the municipality or district will authorize to be expended from optional local appropriation with state participation for school purposes, and to see if the municipality or district will raise and appropriate its local share.



Recommended: Local share \$ \_\_\_\_\_

State share \$ \_\_\_\_\_

Total optional funds approved  
under the provisions of 20 MRSA,  
section 3748, subsection 4 \$ \_\_\_\_\_

Sec 13, 20 MRSA §3748, §4-A is enacted to read:

§ 4-A. Local appropriations without State participation

Local units are authorized to raise funds for education in the following amounts:

Minimum local property tax for education.

1. / The amount raised as the minimum local property tax for education;

Optional local appropriations with state participation.

2. / The amount, not to exceed 2 mills, raised as optional local appropriations with State participation;

Amount actually budgeted minus unit's allocation.

3. / The amount which can be determined by subtracting the unit's allocation, prior to the adjustment in subsection 3-A from the amount actually budgeted by the unit for education costs in the year prior to the year of allocation of funds.

No unit shall appropriate toward its total education costs an amount exceeding the local allocation as provided and adjusted under subsections 1, 2, 3, 3-A and 4 and any other amounts, as provided under this subsection. If any unit petitions to the State Board of Education and demonstrates that unusual circumstances

Waverly
 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 0.

Sec. 14. 20 MRSA § 3748, sub-§ 9, as enacted by PL 1975, c. 660, § 2, is repealed.

Sec. 15. 20 MRSA § 3749, as amended by PL 1975, c. 746, § 24-V, is repealed.

Sec. 16. 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. 17. 30 MRSA §5055, sub-§2, as last amended by P&SL 1971, c. 146, §E, §1, is <sup>further</sup> amended by adding at the end the following new paragraph:

An amount equal to 8% of the estimated revenues received from the sales and use taxes collected under Title 36, Part 3, and the income taxes collected under Title 36, Part 8, shall be appropriated to the Local Government Fund.

Sec. 17 30 MRSA §5055, sub-§5, as last amended by P&SL 1975, c. 147, §C, §15, is repealed and the following enacted in its place:

5. Treasurer of State. An amount equal to 8% of the receipts from the taxes imposed under Title 36, Parts 3 and 8, and credited to the General Fund shall be transferred by the Treasurer of State to the Local Government Fund on the first day of each month.

Commencing July 1, 1978, balances in the Local Government Fund as of the first day of each month shall be distributed on the 20th day of each month in the following manner:

A. Each municipality shall receive the amount it received for the corresponding month during the year 1977-78;

B. After allocations have been made under paragraph A, each municipality shall, from the remaining amount in the fund, receive an allocation equal to either of the following, whichever is greater:

(1) 1/12 of the reimbursement for revenue loss as defined in section 5056; or

(2) The allocation the municipality would receive if <sup>the</sup> remaining sum, less the amount distributed as reimbursement for revenue loss in the previous month, were distributed according to the formula in subsection 3;

C. After allocations have been made under paragraphs A and B, all remaining balances, if any, shall be distributed to only those municipalities that did not receive reimbursements under paragraph B, subparagraph (1). Distribution of the amount shall be based on the formula in subsection 3

Sec. 19. 30 MRSA §5056, sub-§1, ¶B, as enacted by PL 1973,

c. 592, §2, is repealed and the following enacted in its place:

B. Revenue loss. "Revenue loss" means an amount equal to the average of the following 2 sums:

- (1) The actual tax assessed with respect to the exempted personal property, as defined, for the tax year beginning April 1, 1973, less the tax assessed under Title 36, section 455, with respect to certain personal property; and
- (2) The actual tax assessed on exempted personal property, as defined, for the tax year beginning April 1, 1976.

Sec. 20. 30 MRSA §5056, sub-§2, as enacted by PL 1973, c. 592, §2, is repealed and the following enacted in its place:

2. Reimbursements for revenue loss. The Treasurer of State shall make reimbursements for revenue loss in accordance with section 5055, subsection 5.

Sec. 21. 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 es-

establishing a local and state government tax rate which shall be assessed upon each municipality and the unorganized territory. For the year beginning July 1, 1977 and ending June 30, 1978, the rate shall be 23  $\frac{3}{4}$  mills. 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. 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 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.

Section 22

Sec. 22. 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.

Section 23

Sec. 23 36 MRSA §453, as amended by PL 1975, c. 754, §6,

is repealed.

Sec. 24 36 MRSA §453-A, as enacted by PL 1975, c. 754,

§7, is repealed.

Sec. 25. 36 MRSA §1752, sub-§1-B is enacted to read:

1-B. Admission. "Admission" means the sale of tickets or the right to enter a public or private event.

Sec. 26, 36 MRSA §1752, sub-§14, as last amended by PL 1971, c. 479, is further amended by adding at the end the following new sentence:

"Sales price" shall include the amount of any excise tax levied under chapter 703.

Sec. 27. 36 MRSA §1754, sub-§7, is enacted to read:

7. Amusements and sporting events. Every person providing admission or participation in amusements or sporting events.

Sec. 28. 36 MRSA §1760, sub-§10 is repealed.

Sec. 29. 36 MRSA §1811, 1st sentence, as last amended by PL 1969, c, 295, §2, is further amended to read:

A tax is imposed at the rate of 5% on the value of all tangible personal property and, admission to or right to participate in amusements or sporting events, telephone and telegraph service sold at retail in this State, and upon the rental charged for living quarters in hotels, rooming houses, tourist or trailer camps, measured by the sale price, except as in chapters 211 to 225 provided.

Sec. 30. 36 MRSA c. 367 is enacted to read:

#### CHAPTER 367

### NUCLEAR ELECTRIC GENERATING FACILITY EXCISE TAX

#### § 2751. Definitions

As used in this chapter, unless the context otherwise indicates, the following words shall have the following meanings.

1. Adjusted gross receipts. "Adjusted gross receipts" means the gross receipts multiplied by the Maine apportionment factor.
2. Gross receipts. "Gross receipts" means all receipts of a taxpayer from the sale of electricity produced by a nuclear generating facility in the preceding taxable year.
3. Maine apportionment factor. The "Maine apportionment factor" means the fraction, the numerator of which is the sum of the property factor, the payroll factor and sales factor, and the denominator of which is 3.
4. Taxpayer. "Taxpayer" means any corporation, association or person who owns and operates a nuclear electric generating facility in this State.
5. Taxable year. "Taxable year" means the period from July 1st to June 30th of any year.

§ 2752. Excise tax on gross receipts

For the privilege of operating a nuclear electric generating facility within Maine there is imposed an excise tax. This excise tax shall be a percentage of the adjusted gross receipts of a nuclear generating facility received by a taxpayer during the preceding taxable year. The State Tax Assessor shall establish a percentage tax rate reasonably calculated to produce \$2.4 million in revenues for fiscal year 1977-78.

§ 2753. Incorporation of income tax law and regulations

The property factor, the payroll factor and the sales factor shall be defined according to section 5211 and income tax regulations promulgated by the Bureau of Taxation.

§ 2754. Taxpayers' returns

All taxpayers, on forms to be provided by the State Tax Assessor, shall return to the State Tax Assessor prior to October 1st following the end of a taxable year, a statement, signed by its president, treasurer or chief accounting officer, of its gross receipts, property factor, payroll factor and information upon which its gross receipts and factors are based.

§ 2755. Payment of tax

Each taxpayer shall, prior to January of each year, pay this excise tax to the State Tax Assessor.

§ 2756. Access to books

The State Tax Assessor shall have access to the books and records of any taxpayer to ascertain if the required returns are correct.

§ 2757. Sanctions

Any taxpayer who:

1. Fails to make required returns. Fails to make the required returns;
2. Fails to permit access to books or records. Fails to permit access to its books or records; or
3. False returns. Makes returns which the president, treasurer or chief accounting officer knows to be false; shall forfeit not less than \$5,000 nor more than \$25,000, to be recovered by civil action.

§ 2758. Incorrect returns

If the State Tax Assessor determines that a taxpayer's returns are incorrect, he shall either assess an additional tax or refund the amount of any overpayment.

§ 2759. Assessment by State Tax Assessor

If any taxpayer fails to make the returns required by section 2754, the State Tax Assessor shall make an assessment of tax upon such taxpayer.

§ 2760. Abatement

Any taxpayer may apply for an abatement of its tax within 30 days after the tax is due or within 30 days after the State Tax Assessor has taken action pursuant to sections 2758 and 2759.

§ 2761. Penalty and interest

Taxes shall become delinquent if unpaid after the date on which payment is due. Interest of 9% per year shall be charged on delinquent payments beginning on the date on which the payment becomes delinquent. A penalty of 25% per year shall be charged on delinquent payments beginning 30 days after the payments become delinquent.



§ 2762. Lien

The Bureau of Taxation shall have a tax lien on all real and tangible personal property owned by a taxpayer in this State to secure payment of all sums due. Any lien shall be discharged upon payment of all delinquent taxes, interest and penalties.

§ 2763. Administration

The State Tax Assessor shall establish all rules and regulations necessary for the efficient administration of this chapter.

Sec. 31. 36 MRSA §4641-A, as enacted by PL 1975, c. 572,  
§1, is amended to read:

§4641-A. Rate of tax

There is imposed a tax upon the privilege of transferring title to real property at the rate of ~~55¢~~ \$1 for each \$500 or fractional part thereof, of consideration therefor. The grantor shall be liable for payment of said tax.

Sec. 32. 36 MRSA §5200, sub-§4 is enacted to read:

4. 5 1/2% of Maine net income not in excess of \$25,000,  
plus of any Maine net income in excess of \$25,000 attributable  
on or after  1, 1977. <sup>January</sup>

Sec. 33. 36 MRSA §5205, sub-§4 is enacted to read:

4. 5 1/2% of taxable income not in excess of \$25,000, plus  
1/2% of the taxable income in excess of \$25,000 attributable on  
or after <sup>January</sup> 1, 1977; and is reduced by the amount of the tax  
payable by the corporation or association for the taxable year  
under chapter 817.

Sec. 34. 36 MRSA c. 841 is enacted to read:

CHAPTER 841

BUSINESS PRIVILEGE TAX

§5401. Title

This chapter shall be known as the "Maine Business Privilege Tax."

§5402. Definitions

For the purposes of this chapter, unless the context indicates otherwise, the following words and phrases shall have the following meanings.

1. Assessor. "Assessor" means the State Tax Assessor.

2. Business organization. "Business organization" means an individual, firm, bank, financial institution, partnership, limited partnership, copartnership, proprietorship, farm proprietorship, joint venture, association, corporation, receiver, estate, trust or any other group or combination acting as a unit, which is organized for profit and which derives economic benefit from the employment of property or labor within the State.

3. Net business income. "Net business income" means the net business income required to be reported by business organizations by the United States Internal Revenue Code.

§5403. Business activity tax

There is imposed on all business organizations in this State a tax for the privilege of doing business in Maine. For the calendar year of 1977 and thereafter, the tax shall be in accordance with the following schedule:

<u>Net business income</u>	<u>Business privilege tax</u>
\$0 - \$ 1,999	\$ 10
2,000 - 4,999	20
5,000 - 9,999	60
10,000 - 49,999	100
50,000 - 99,999	300
100,000 -199,999	500
200,000 and over	800

§5404. Corporate exemptions

Any business organization which pays a tax under either chapter 817 or chapter 819 is exempt from the business privilege tax.

§5405. Administration

The State Tax Assessor shall establish necessary rules and regulations for the efficient and equitable administration of this chapter.

Sec. 35 . Transition. For the month of July, 1978, and for the purposes of Title 30, section 5055, subsection 5, paragraph B, subparagraph (2), the amount distributed as reimbursement for revenue loss in the previous month shall be 1/12 of the amount distributed in fiscal year 1977-78.

Sec. 36 . Appropriation. There is appropriated from the General Fund to the Bureau of Property Taxation the sum of \$14.3 million for the fiscal year 1977-78 to be used to reimburse municipalities for revenue loss as provided in Title 30, section 5056.

Sec. 37 . Appropriation. There is appropriated from the General Fund to the Department of Educational and Cultural Services the sum of (\$3,086,860) for the fiscal year ending June 30, 1977, and the sum of \$164,801,644 for the fiscal year ending June 30, 1978, to carry out the purposes of this Act. The breakdown shall be as follows:

	<u>1976-77</u>	<u>1977-78</u>
EDUCATIONAL AND CULTURAL SERVICES, DEPARTMENT OF		
General purpose aid for local schools		
All Other	(\$3,086,860)	\$164,801,644

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect July 1, 1977 except sections 17, 18, 19, 20 and 35 which shall take effect July 1, 1978 and except sections 21 through 24 which shall be effective June 30, 1977 and except sections 32, 33 and 34 which shall be effective retroactively/January 1, 1977.'  
to

Statement of Fact

This amendment relates to both school finance and the reimbursement for the change in the inventory tax.

SCHOOL FINANCE PROVISIONS

This bill will:

1. Retain the existing allocation method for the distribution of the state's share of education costs. The Legislature would determine total education costs and unit allocations on a per pupil basis;
2. Eliminate the uniform state property tax. The estimated cost is \$6.09 million;
3. Require a minimum local property tax effort equal to the unit's allocation, or an amount raised by 11.5 mills times the state valuation of the unit, for 1977-78, whichever is lower;
4. Enlarge the local leeway provision by permitting the state's share to increase up to 12% above the allocation, exclusive of debt. The state's maximum exposure would be approximately \$3 million over that provided in present law;
5. Set the per pupil operating costs at \$830/pupil elementary and \$1,162/pupil secondary; and
6. Establish a maximum local expenditure ceiling which would be the sum of the minimum local property tax effort, local optional funding up to 2 mills and an additional amount which represents the difference between the unit's actual budget levels in the year prior to the year of allocation and the level of allocation in the year of the allocation of funds.

INVENTORY TAX PROVISIONS

1. In 1977-78, municipalities would/in accordance with current statutes based on 1973 inventory tax receipts receive reimbursements.
2. In 1978-79 and thereafter, the Local Government Revenue Sharing Fund would be increased to 8% adding approximately \$14 million in 1978-79.
3. In 1978-79 and thereafter, municipalities would receive the same revenue sharing allocation they received in 1977-78 and in addition the average of the 1973 and 1976 inventory tax receipts.
4. Municipalities receiving inventory tax reimbursement would not receive a share of any revenue growth, from the base year 1977-78, in the Local Government Fund until such time that their share of the Local Government Fund growth equals the 1973 reimbursement amount. Thereafter, municipalities would receive their full share of the revenue sharing fund.
5. In 1978-79 and thereafter, those municipalities that do not receive inventory reimbursements would share in the undistributed revenue sharing growth until reimbursements are no longer made to other communities.

REVENUE PROVISIONS

The following revenue measures are proposed in this bill:

1. Increase in the annual filing fee for corporations from \$30 to \$100	\$1 million
2. Sales tax on amusements	\$1.6 million
3. Sales tax on cigarettes	\$3.7 million
4. Increase of 1/2% on corporate income	\$2.2 million
5. Franchise tax on unincorporated business	\$4 million
6. Increasing the real estate transfer tax from 55¢ to \$1 per \$500	\$6 million
7. gross receipts on certain electrical generating facilities	\$2.4 million

Filed by Mr. Greenlaw of Stonington.

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

4/12/77

(Filing No. H-137)