

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 230

H. P. 166

House of Representatives, January 12, 1981

Submitted by the Department of Educational and Cultural Services pursuant to Joint Rule 24.

Referred to the Committee on Education. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mrs. Gowen of Standish.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Clarify the School Construction Law.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 20 MRSA § 3471, sub-§ 2, ¶ E, sub-¶ (1), as amended by PL 1979, c. 691, § 18, is further amended to read:

(1) In a town or city where the responsibility for final adoption of the school budget is vested in a town or city council by municipal charter, or in a town meeting, the election shall be ~~conducted by~~ secret ballot in accordance with the appropriate provisions set forth in Title 21 and Title 30.

Sec. 2. 20 MRSA § 3471, sub-§ 2, ¶ E, sub-¶ (4), div. (a) and (e), as enacted by PL 1979, c. 260, are amended to read:

(a) That the initial local share of the total cost of the project shall be 5% of the total cost or one mill multiplied by unit's ~~initial~~ state valuation, whichever is less;

(e) The rate of ~~the~~ reimbursement from state General Fund revenue sources ~~for debt service costs~~ in the year in which the project received concept approval.

Sec. 3. 20 MRSA § 3472, as last amended by PL 1979, c. 670, § 14, is further amended to read:

**§ 3472. School construction financing**

1. **Rate of construction aid; sale of bonds.** The unit's initial local share of the total cost of each project shall be either 5% of the total cost or the equivalent of one mill multiplied by the unit's initial state valuation, whichever is less. The one mill shall be calculated on the state valuation in effect at the time the project is first approved by the State Board of Education. The unit's initial local share shall be applied to the project costs during the period of construction. The unit's initial local share may be derived from either local appropriations or gifts or any combination of gifts and local appropriations. The unit's initial local share shall not be considered an educational cost for purposes of subsidy reimbursement under chapter 515.

~~A. Local units shall sell bonds in their name in the amount of the state's share. Such sale shall be consistent with rules and regulations adopted by the board. The amount to be bonded shall be determined as follows. The total cost of the project shall be reduced by the local share, any proceeds from insured losses, any money from federal sources, and any other noneducation funds, except gifts and moneys from federal revenue sharing sources. The total cost of the project shall be reduced by the initial local share, any money from federal sources, and any other noneducation funds, except gifts and money from federal revenue sharing sources. Administrative units shall sell bonds in their names in the amount of this reduced total cost. The sale shall be consistent with rules and regulations adopted by the board.~~

~~B. Administrative units shall have authority to borrow money for projects in anticipation of bond sales, providing such borrowing is within rules and regulations established by the State Board of Education. Administrative units shall have authority to sell bonds consistent with State Board of Education rules and regulations~~

~~C. The State shall pay its share of project costs to units as the bonds become due~~

2. **Deductions; cost of project.** Proceeds from insured losses, money from federal sources and any other noneducation funds shall be deducted from the total cost of the project in order to determine the amount on which the state's share shall be calculated, except that proceeds from gifts or moneys from federal revenue sharing sources shall be treated as local appropriations.

3. **Total cost defined.** Total costs of school construction projects shall be defined as all costs related to or incidental to the project, except financing costs and proceeds from insured losses.

4. **Unit's authority to raise funds.** Administrative units shall have authority to sell bonds to raise the local share of project costs.

5. **Payment of state's share.** The state shall pay its share of project costs to the units according to the unit's debt retirement schedule.

6. **Local funds nonreimbursable, chapter 515.** Notwithstanding any other statute to the contrary, the initial local share of school construction projects shall not be considered education costs for purposes of reimbursement in any way under chapter 515.

~~Expenditures for the state and local share of school construction projects including gifts shall be considered as outside any limit on expenditures by local units under chapter 515~~

#### STATEMENT OF FACT

Section 1: This change will require local votes on school construction projects to be conducted by referendum. It is hoped that this change will increase voter participation.

Section 2: Corrects an error in wording. Title 20, section 3472, subsection 2, paragraph E, subparagraph (1), stipulates which state valuation shall be used to calculate the initial local share. It also corrects an error in wording to make the new wording more consistent with the School Finance Act, Title 20, section 4743, subsection 16, paragraph A. Present wording implies that debt service costs are reimbursed at a different level than other education expenses. This change will help dispel the notion that buildings are paid for by the State.

Section 3: Title 20, section 3472, subsection 1, paragraph A defines total cost of construction projects in a way that will not require local units to raise 5% of insured losses as part of the initial local share in those instances where buildings are lost by fire and must be replaced. It also corrects wording and more properly identifies responsibility for payments as a joint state-local effort under the School Finance Act. It eliminates the possibility of constitutional questions relating to one Legislature binding a subsequent Legislature as it relates to costs. It also eliminates duplicative language and unnecessary language.