

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 757

H. P. 654

House of Representatives, February 10, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Leighton of Harrison.

STATE OF MAINE

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

**AN ACT to Pay School Subsidies on a Sliding Percentage Scale.**

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

Sec. 1. 20 MRSA § 3471, sub-§ 2, ¶ A, as repealed and replaced by PL 1977, c. 690, § 11-G, is repealed and the following enacted in its place:

**A. The State Board of Education is authorized to approve projects for local voter consideration whenever a need is clearly demonstrated.**

Sec. 2. 20 MRSA § 3471, sub-§ 2, ¶ A, sub-¶¶ (1), (2) and (3) are enacted to read:

**(1) The state aid on each project shall be determined at the time of concept approval in accordance with section 4750. The percentage of aid thus determined shall remain constant until all bonds or notes issued for the project are retired.**

**(2) Projects approved by the State Board of Education or the commissioner prior to the effective date of this section shall have the percentage of aid computed as soon as this section becomes effective in accordance with the provisions of section 4750. The rate thus computed shall remain constant until all bonds or notes are retired.**

**(3) Notwithstanding any other provision of the statutes, state aid for debt service shall be computed separately. The state-local allocation shall be**

reduced by the total amount of the debt service prior to computing state aid on the remainder of the state-local allocation.

**Sec. 3.** 20 MRSA § 3471, sub-§ 2, ¶ E, sub-¶ (4), divs. (a) and (b), as enacted by PL 1979, c. 260, are repealed and the following enacted in their place:

- (a) The sum raised to reduce the necessity of borrowing;
- (b) The total cost of the project and the sum authorized for the issuance of bonds or notes;

**Sec. 4.** 20 MRSA § 3472, sub-§ 1, as amended by PL 1977, c. 690, § 12-A, is repealed and the following enacted in its place:

**1. Construction aid.** Construction aid shall be provided as follows:

**A.** Local units shall sell bonds or notes in their name in the amount authorized by the voters when the project is approved by a local unit vote. This sale of bonds or notes 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 any proceeds from insured losses, any money from federal sources and any other noneducation funds, except gifts and moneys from federal revenue sharing sources.

**B.** Administrative units shall have authority to borrow money for projects in anticipation of bond sales, providing that 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.

**Sec. 5.** 20 MRSA § 3472, sub-§ 6, first sentence, as last amended by PL 1979, c. 670, § 14, is repealed.

**Sec. 6.** 20 MRSA § 4743, sub-§ 22, as enacted by PL 1977, c. 625, § 8, is repealed.

**Sec. 7.** 20 MRSA § 4747, sub-§ 4, as enacted by PL 1977, c. 625, § 8, is repealed and the following enacted in its place:

**4. Establish average percentage.** Establish the average percentage of state aid for units receiving school subsidy;

**Sec. 8.** 20 MRSA § 4750, sub-§ 13 is enacted to read:

**13. Commissioner to compute percentage.** The commissioner shall compute the percentage of state aid due each unit. The percentage of state aid thus computed shall be multiplied by the total allocation to determine the state share. The total allocation minus the state share shall be the local allocation. The percentage of state aid for each unit shall be computed as follows:

**A. The state average valuation per pupil shall be determined by dividing the latest total state valuation of the municipalities by the total number of resident pupils used in the computation of the state-local allocation under section 4848.**

**B. The commissioner shall determine the average local percentage effort that is necessary for local units to raise from taxation to meet the local share of the state-local allocation by subtracting the state's average percentage of state aid as determined in section 4747, subsection 4, from 100%. The state average valuation per pupil shall be divided by the average local percentage effort to establish a state guaranteed valuation per pupil.**

**C. The per pupil valuation of each unit shall be determined by dividing the latest state valuation of the unit by the number of resident pupils used in computing the state-local allocation under section 4848.**

**D. Each unit's state valuation per pupil shall be divided by the state guaranteed valuation per pupil as computed in subsection 4. The result shall be the local unit's share of the allocation. If the result is 1.00 or more the unit will receive no general purpose aid.**

**E. The local units share as computed in subsection 4, subtracted from 100.00 equals the state's percentage share of the state-local allocation.**

**Sec. 9. 20 MRSA § 4751, sub-§ 1, ¶ A, as enacted by PL 1977, c. 625, § 8, is amended to read:**

**A. The commissioner shall compute the local allocation using the ~~subsidy index average percentage of state aid~~ established by the Legislature under section 4747, subsection 4, and ~~the state valuation of the municipalities within each administrative unit~~ the percentage of aid for each unit as computed under section 4750, subsection 13.**

#### STATEMENT OF FACT

The purposes of this bill are as follows:

1. The bill clarifies the percentage of state aid that each municipality receives for various parts of the state-local allocation.
2. The present "subsidy index" system encourages units to spend more money under the false assumption that the State will reimburse 100% of the cost.
3. This bill would establish a sliding scale percentage of state aid. The unit with the least taxable property would receive the highest percentage of state aid and the unit with a greater amount of taxable property would receive a lower percentage of state aid.
4. The Legislature would determine annually the average percentage of state aid as it now determines the "subsidy index."
5. Each unit would know the approximate percentage of state aid, if it hired

new special education teachers, spent more money on vocational education, increased transportation services, bought new buses or constructed new school buildings.

6. It would be crystal clear to local taxpayers that they would be paying a part of the cost for every school activity, since the state's share of costs would be clearly understood.

7. It would no longer be necessary for the Legislature to set a limit on school bus purchases or school construction projects.

8. Local voters would regain control of school expenditures, since they would clearly understand the percentage of state aid involved when expenditures are approved at annual town, district or council meetings.

9. The Legislature would control the amount of state dollars by annually setting the average percentage of state aid.

10. Local voters would know the exact percentage of state aid that would be paid on any school construction project before going to the polls to vote on the project.

11. New industries would know when they moved into a city, town or district that the state aid on existing debt would remain constant until the debt is retired.

12. In fiscal years 1981-82 and 1982-83 there would be no impact. The Legislature would control total dollars as it does now by setting the average percentage of state aid.