

MAINE STATE LEGISLATURE

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of S.

L.D. 83

(Filing No. S-587)

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STATE OF MAINE
SENATE
114TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT " B " to S.P. 82, L.D. 83, Bill, "An Act to Move Certain Minor Capital Costs from the Operating Allocation to the Debt Service Allocation under the School Finance Act of 1985"

Amend the bill by striking out all of the title and inserting in its place the following:

'An Act to Provide for State Sharing of Certain Minor Capital Costs'

Further amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting in its place the following:

'Sec. 1. 20-A MRSA §15603, sub-§2, ¶E, as amended by PL 1989, c. 209, §1, is further amended to read:

E. Expenditures from all federal revenue sources, except for amounts received under United States Public Law 81-874; and

Sec. 2. 20-A MRSA §15603, sub-§2, ¶F, as enacted by PL 1989, c. 209, §2, is amended to read:

F. Special education costs which that are the costs of educational services provided to students who are temporarily unable to participate in regular school programs. Students who may be included are pregnant students, hospitalized students or those confined to their homes for illness or injury, students involved in substance abuse programs within hospital settings or in residential ~~rehabilitation~~ rehabilitation facilities licensed by the Department of Human Services, Office of Alcoholism and Drug Abuse Prevention for less than 6 weeks ~~duration~~ or students suffering from other temporary conditions which that prohibit their attendance at school. Students served under this paragraph shall are not be counted as exceptional students for federal reporting purposes; and

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2 **Sec. 3. 20-A MRSA §15603, sub-§2, ¶G** is enacted to read:

4 G. Minor capital costs defined in section 15612, subsection
6 13.

8 **Sec. 4. 20-A MRSA §15604, sub-§1, ¶¶I and J**, as enacted by PL
10 1983, c. 859, Pt. G, §§2 and 4, are amended to read:

12 I. Cost of state expenditures for teachers' retirement
14 benefits; and

16 J. Early childhood educational programs; and

18 **Sec. 5. 20-A MRSA §15604, sub-§1, ¶K** is enacted to read:

20 K. Minor capital costs as defined in section 15612,
22 subsection 13.

24 **Sec. 6. 20-A MRSA §15607, sub-§11**, as amended by PL 1987, c.
26 850, §§2 and 5, is further amended to read:

28 **11. Appropriation for nonpublic school services.**
30 Appropriate the necessary funds for reimbursement for nonpublic
32 school services under section 15613, subsection 4; and

34 **Sec. 7. 20-A MRSA §15607, sub-§12**, as amended by PL 1989, c.
36 502, Pt. C, §§7 and 8, is further amended to read:

38 **12. Appropriation for special education tuition and costs**
40 **for out-of-district placements.** Appropriate the necessary funds
42 for special education tuition under section 15612, subsection 11;
44 and

46 **Sec. 8. 20-A MRSA §15607, sub-§13** is enacted to read:

48 **13. Appropriation for minor capital costs adjustment.**
50 Appropriate the necessary funds for the approved minor capital
52 costs adjustment under section 15612, subsection 13.

54 **Sec. 9. 20-A MRSA §15612, sub-§13** is enacted to read:

56 **13. Minor capital costs adjustment.** The following
58 adjustment is paid to reimburse school administrative units for
60 minor capital costs that are incurred in the year prior to the
62 year of allocation and approved by the commissioner.

64 A. For purposes of this section, "minor capital cost" means
66 a cost incurred for:

68 (1) Asbestos abatement not funded by other state or
70 federal programs;

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- (2) Restoration of a public school facility to allow that facility to be used for the purpose it served before the removal of asbestos or other hazardous materials, when those costs are incurred as the result of the removal of the hazardous materials;
- (3) Removal or other proper abandonment of underground oil tanks as permitted by Title 38, section 566-A, and replacement of removed or abandoned tanks;
- (4) Roof repairs or renovations; or
- (5) Other minor capital costs incurred as a result of state or federal laws, rules or regulations relating to health, safety or sanitation, including, but not limited to, costs related to overboard discharge systems, air quality and radon.

B. The commissioner shall adopt rules further to define the costs included in paragraph A, subparagraphs (1) to (5), to provide for implementation of this subsection; to establish a procedure for making eligible for the adjustment payments on bonds and notes for indebtedness incurred by school administrative units for past expenditures for these types of minor capital costs; and to establish a schedule to reimburse local units for the costs of mandatory oil tank removal and replacement or other approved proper abandonment incurred in fiscal year 1989-90 or fiscal year 1990-91.

C. The amount of the adjustment is the amount by which the approved costs incurred in the year prior to allocation exceed the maximum expected local contribution to costs. The maximum expected local contribution to costs is the lesser of:

- (1) The amount determined by multiplying the school administrative unit's local share percentage for operating costs for the year of allocation by the approved costs in the year prior to the year of allocation; and
- (2) The amount which would be raised by applying the mill rate determined under paragraph D to the unit's state valuation for the year of allocation.

D. The mill rate to be used in determining the maximum expected local contribution is the mills derived by dividing 30% of the costs defined in paragraph A by the state valuation of all units in the State.

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2 **Sec. 10. Application.** This Act applies to adjustments payable
in fiscal year 1991-92.'

4 Further amend the bill by inserting before the statement of
6 fact the following:

8 **FISCAL NOTE**

10 The estimated increases of General Fund appropriations to
12 fund the minor capital cost adjustment are:

14 Fiscal Year	
16 1991-92	\$5,280,000
18 1992-93	\$10,240,000
1993-94	\$14,880,000
1994-95	\$19,200,000

20 However, some of these expenditures would eventually have
22 been incurred at the local level and included in the school
24 subsidy formula. To the extent that certain expenditures will no
26 longer be subsidizable through the operating cost allocation,
28 there will be a reduction in future school subsidies which will
partially offset the additional appropriations required for the
minor capital cost adjustment. Neither the amount nor the timing
of these subsidy reductions can be determined at this time.'

30 **STATEMENT OF FACT**

32 The bill would have moved certain minor capital costs from
34 the operating cost allocation to the debt service allocation
36 under the school funding formula. In the bill, the term "minor
capital cost" means a cost incurred for asbestos abatement,
underground oil tank removal, or roof repairs and renovations.

38 The amendment changes the method of reimbursing the school
40 units for minor capital costs and expands the list of costs to be
42 included in the definition of minor capital costs for the
44 purposes of this type of reimbursement. The additional costs
46 are: the cost of replacing underground oil tanks which must be
48 removed by the units; the costs of filling or other proper
abandonment of underground tanks when the Department of
Environmental Protection permits that method of abandonment
rather than requiring removal of the tank; the costs of
renovating a school facility following removal of asbestos or
50 other hazardous materials; and costs incurred as a result of
actions required by state or federal laws, rules or regulations
relating to safety, health and sanitation. The Department of
Educational and Cultural Services is authorized to adopt rules to

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2 define further this last category of costs, and to implement the
subsection.

4 The amendment provides an alternative, more favorable method
by which schools will be reimbursed for the costs approved by the
6 commissioner. Instead of counting the costs within the unit's
debt service allocation, the amendment provides for an adjustment
8 to a unit's subsidy for approved costs. Under the adjustment,
the unit would receive the difference between its costs and its
10 maximum expected local contribution. The maximum expected local
contribution is the lesser of the unit's local share percentage
12 of operating costs and the amount raised by a circuit breaker
mill rate. The circuit breaker mill rate would be set by the
14 Department of Educational and Cultural Services based on 30% of
costs being paid by local units statewide. Minor capital costs
16 that are not approved by the commissioner will continue to be
subsidized through the operating cost allocation.

18 This amendment adds a fiscal note.
20

Reported by Senator Estes for the Committee on Education.
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