MAINE STATE LEGISLATURE

The following document is provided by the

LAW AND LEGISLATIVE DIGITAL LIBRARY

at the Maine State Law and Legislative Reference Library

http://legislature.maine.gov/lawlib



Reproduced from scanned originals with text recognition applied (searchable text may contain some errors and/or omissions)



114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 679

H.P. 499

House of Representatives, March 7, 1989

Reference to the Committee on Education suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative RIDLEY of Shapleigh.

Cosponsored by Representative GOULD of Greenville, Representative McGOWAN of Canaan and Representative JACQUES of Waterville.

STATE OF MAINE

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

An Act to Amend the School Finance Law.



1	Be it enacted by the People of the State of Maine as follows:									
3	Sec. 1. 20-A MRSA §15602, sub-§3, as enacted by PL 1987, c. 848, §1, is repealed and the following enacted in its place:									
5										
7	3. Percentage. Beginning in 1990-91, the State shall pay 100% of each unit's operating cost allocation.									
9	Sec. 2. 20-A MRSA §15610, sub-§1, ¶A, as enacted by PL 1983, c. 859, Pt. G, §§2 and 4, is repealed and the following enacted									
11	in its place:									
13	A. The State shall pay 100% of the operating cost allocation.									
15	Sec. 3. 20-A MRSA §15613, sub-§12, as enacted by PL 1987, c.									
17	848, §10, is repealed.									
19	Sec. 4. 30-A MRSA §5681, as enacted by PL 1987, c. 737, Pt. A, §2 and Pt. C, §106, is repealed.									
21										
23	Sec. 5. 36 MRSA $\S1811$, as amended by PL 1977, c. 198, $\S6$, is further amended by adding a new paragraph at the end to read:									
25	An amount equal to 1% of the value of all property and services taxable under this section shall be set aside from the									
27	amount raised by this section to fund a portion of the State's share of public school education under Title 20-A, chapter 606.									
29	Sec. 6. 36 MRSA §5111-B is enacted to read:									
31	§5111-B. Supplemental charge									
33	In addition to the tax imposed by section 5111 or 5111-A,									
35	every individual taxpayer shall pay an amount equal to 35% of the taxes due the State for any tax year beginning on or after									
37	January 1, 1990.									
39	Sec. 7. 36 MRSA §5200, 2nd ¶, as enacted by PL 1985, c. 675, §§1 and 5, is amended to read:									
41	331 and 37 is amended to read.									
42	In the case of an affiliated group of corporations engaged									
43	in a unitary business, the respective preferential rates provided in this section shall be applied only to the first \$250,000 of									
45	Maine net income of the entire group and shall be apportioned									
47	equally among the taxable corporations unless those taxable corporations jointly elect a different apportionment. The									
	balance of the Maine net income of the entire group shall be									
49	taxed at 8.93%. In addition to the tax imposed by this section,									

every corporate taxpayer shall pay an amount equal to 35% of the

taxes	due	the	State_	for	any	tax	year	beginning	on	or	after
Januar											

Sec. 8. Effective date. This Act shall take effect on July 1, 1990.

,

STATEMENT OF FACT

This bill reduces local property taxes by increasing the State's contribution to educational costs. The bill requires the State to pay 100% of the actual local operating cost adjusted, the operating cost allocation, for each school administrative unit. The bill does not preclude units from raising additional money on their own and it continues the adjustments available in current law for extraordinary costs caused by rapidly increasing enrollment, geographic isolation and other causes.

Because towns will be receiving more money through the school finance formula, the bill repeals the local revenue sharing provisions of existing law. The bill dedicates $l \not \in$ of the sales tax to compensate towns for educational costs. The bill adds a supplemental charge to the existing individual and corporate income tax schedules to raise the additional money necessary to fund the State's share of educational costs.