

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

## SECOND REGULAR SESSION - 1990

Legislative Document

No. 2261

H.P. 1634

House of Representatives, January 31, 1990

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.

Reference to the Committee on Education suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative FOSS of Yarmouth.

STATE OF MAINE

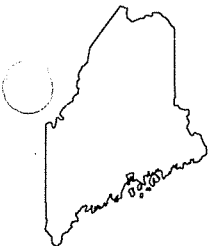
IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY

**An Act to Include Income as a Measure of the Ability to Pay in the Education Funding Formula.**

TO BE ENACTED BY THE LEGISLATURE

Enacted by the Legislature on January 31, 1990.

OFFICE OF THE CLERK



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

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Sec. 1. 20-A MRS §15603, sub-§26-A is enacted to read:

26-A. State valuation. "State valuation" means the local assessed valuation of a school administrative unit adjusted by the Bureau of Taxation to reflect fair market value of the property in the unit and further adjusted as required in section 15608-A.

Sec. 2. 20-A MRS §§15604-A and 15608-A are enacted to read:

§15604-A Notification of state valuation.

Prior to December 1st of each year, the commissioner shall report to the Legislature and the Bureau of the Budget:

1. The local assessed valuation of each school administrative unit;

2. The factor used by the Bureau of Taxation to adjust the local assessed valuation of each unit to reflect fair market value;

3. The factor used by the department to further adjust the local assessed valuation as required in section 15608-A; and

4. The state valuation of each school administrative unit and the aggregate state valuation of all school administrative units.

§15608-A. Computation of state valuation.

After the Bureau of Taxation adjusts the local assessed valuation of each school administrative unit to reflect fair market value, the department shall further adjust the local assessed valuation by multiplying the valuation by a ratio, the numerator of which is the per capita income of the county in which the unit is located, and the denominator of which is the statewide average per capita income. The department shall use per capita income as determined by the United States Department of Commerce, Bureau of Economic Analysis, for the base year, or if not available, the last year for which data is available.

**STATEMENT OF FACT**

The bill amends the education funding formula to require that the personal income of residents in a school administrative unit be taken into consideration in determining the ability of the unit to fund education. The current formula measures a

2 unit's ability to pay for education only on the basis of its  
4 property value. Higher valuation communities are assumed to have  
6 a greater ability to fund education and therefore receive less  
8 state education funding.

6 In determining the "state valuation" of a unit, the Bureau  
8 of Taxation currently takes the local unit's assessed valuation  
10 and adjusts it to account for differences in local assessment  
12 practices. This bill would add a 2nd adjustment to the property  
14 value of each unit, under which the value would be multiplied by  
16 a ratio comparing the per capita income of the county in which  
18 the unit is located with the state average per capita income.  
This would lower the state valuation of units in counties with  
below-average income to reflect their lesser ability to pay. The  
lower state valuation results in greater state education  
funding. The lower state valuation is used in the funding  
formula only and is not used by local officials to determine an  
individual's property taxes.

20 The bill also requires the Department of Educational and  
22 Cultural Services to report annually to the Legislature the  
numbers used in adjusting valuation.