

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1991

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Legislative Document

No. 806

H.P. 563

House of Representatives, February 25, 1991

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative CASHMAN of Old Town.

Cosponsored by Speaker MARTIN of Eagle Lake, Senator COLLINS of Aroostook and Representative HOGLUND of Portland.

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STATE OF MAINE

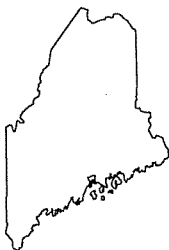
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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY-ONE

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**An Act to Provide Comprehensive Property Tax Relief.**

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

2  
4       **Sec. 1. 20-A MRSA §15602, sub-§1**, as amended by PL 1985, c.  
505, §12, is repealed and the following enacted in its place:

6       **1. Contributions from General Fund.** It is the intent of  
7 the Legislature to provide to school administrative units at  
8 least the following amounts from General Fund sources:

10       A. In school year 1992-93, the greater of 58% of the total  
11 allocation as defined in section 15603, subsection 28 and  
12 the percentage of the total allocation provided in the  
13 previous school year;

14       B. In school year 1993-94, the greater of 59% of the total  
15 allocation as defined in section 15603, subsection 28 and  
16 the percentage of the total allocation provided in the  
17 previous school year;

18       C. In school year 1994-95, the greater of 60% of the total  
19 allocation as defined in section 15603, subsection 28 and  
20 the percentage of the total allocation provided in the  
21 previous school year;

22       D. In school year 1995-96, the greater of 61% of the total  
23 allocation as defined in section 15603, subsection 28 and  
24 the percentage of the total allocation provided in the  
25 previous school year;

26       E. In school year 1996-97, the greater of 62% of the total  
27 allocation as defined in section 15603, subsection 28 and  
28 the percentage of the total allocation provided in the  
29 previous school year;

30       F. In school year 1997-98, the greater of 63% of the total  
31 allocation as defined in section 15603, subsection 28 and  
32 the percentage of the total allocation provided in the  
33 previous school year;

34       G. In school year 1998-99, the greater of 64% of the total  
35 allocation as defined in section 15603, subsection 28 and  
36 the percentage of the total allocation provided in the  
37 previous school year; and

38       H. In school year 1999-2000 and subsequent school years,  
39 the greater of 65% of the total allocation as defined in  
40 section 15603, subsection 28 and the percentage of the total  
41 allocation provided in the previous school year.

42       **Sec. 2. 20-A MRSA §15609, sub-§1, ¶B**, as amended by PL 1987,  
43 c. 848, §7, is repealed and the following enacted in its place:

2           B. The local share of the allocation for program costs is  
4           the sum of the following:

6           (1) Actual local program costs, excluding special  
8           education costs, in the base year adjusted and bus  
10           purchase costs in the year prior to the year of  
12           allocation multiplied by the local share percentage  
              determined in paragraph A; or the program millage limit  
              described in division (a) multiplied by the state  
              valuation of the municipalities in the administrative  
              unit, whichever is less.

14           (a) The program millage limit is the mills  
16           derived by dividing 40% of the program costs  
18           described in this subparagraph by the state  
              valuation of all municipalities; and

20           (2) Special education costs in the base year adjusted  
22           multiplied by the local share percentage determined in  
24           paragraph A; or the program millage limit described in  
              division (a) multiplied by the state valuation of the  
              municipalities in the administrative unit, whichever is  
              less.

26           (a) The program millage limit is the mills  
28           derived by dividing the following percentages of  
              special education costs adjusted, by the state  
              valuation of all municipalities:

- 30                       (i) For the 1992-93 year of allocation, 35%;  
32                       (ii) For the 1993-94 year of allocation, 30%;  
34                       (iii) For the 1994-95 year of allocation,  
36                       25%;  
38                       (iv) For the 1995-96 year of allocation, 20%;  
40                       (v) For the 1996-97 year of allocation, 15%;  
42                       (vi) For the 1997-98 year of allocation, 10%;  
44                       (vii) For the 1998-99 year of allocation,  
46                       5%; and  
48                       (viii) For all other years of allocation, 0%.

50           The local share percentage for program costs is the  
              proportion that the local share of the allocation for  
              program costs is to the maximum program cost allocation.

2           The state share percentage of program costs is the  
3           proportion that the state share of the allocation for  
4           program costs is to the maximum program cost allocation.

6           Sec. 3. 20-A MRSA §15613, sub-§§12 and 13, as enacted by PL  
7           1987, c. 848, §10, are amended to read:

8           12. **Hold harmless to maximize subsidy stability.** Effective  
9           in 1988-89 ~~1992-93~~, each school administrative unit shall-be is  
10           guaranteed a minimum state allocation for operating costs that is  
11           90% 95% of that unit's state allocation for operating costs  
12           during the previous year. These funds shall must be included as  
13           part of the school unit's total allocation as computed under this  
14           chapter and not as an adjustment to the unit's total allocation.

16           13. **Minimum state allocation.** Effective 1988-89 ~~1992-93~~,  
17           each school administrative unit shall-be is guaranteed a minimum  
18           state share of its total allocation that is determined by  
19           multiplying 5% 15% of the foundation per pupil operating rate by  
20           the average number of resident kindergarten to grade 12 pupils,  
21           including special education tuition pupils, in the unit on April  
22           1st and October 1st of the calendar year immediately prior to the  
23           year of allocation. These funds shall must be included as part  
24           of the school unit's total allocation as computed under this  
25           chapter and not as an adjustment to the unit's total allocation.

26           Sec. 4. 36 MRSA §6207, sub-§1, ¶A-1, as enacted by PL 1989, c.  
27           878, Pt. B, §37, is amended to read:

28           A-1. Fifty percent of that portion of the benefit base that  
29           exceeds 4.5% 4% but does not exceed 8.5% 6% of household  
30           income, plus 100% of that portion of the benefit base that  
31           exceeds 8.5% 6% of income to a maximum payment of \$3,000.

## 36           STATEMENT OF FACT

37           This bill increases the portion of education costs paid by  
38           the State from a minimum of 55%, as required under current law,  
39           to 65%. The percentage paid by the State would increase  
40           gradually, reaching 65% in 1999.

41           The bill also increases the minimum subsidy from 5% to 15%  
42           and increases the so-called "hold harmless" provision of current  
43           law that prevents municipalities from a rapid loss of state  
44           funding when their valuation increases. Under current law, the  
45           hold harmless provision guarantees a school administrative unit  
46           at least 90% of its prior year's state funding for operating  
47           costs. This bill would raise that minimum to 95%.

2           The bill also gradually increases the percent of state  
3 funding for special education costs and provides that the State  
4 will fully fund special education beginning in school year  
5 1999-2000.

6           Finally, the bill changes the formula for calculation of  
7 benefits under the Maine Residents Property Tax Program to  
8 provide a benefit equal to 50% of the portion of the benefit base  
9 that exceeds 4% but does not exceed 6% of household income to a  
10 maximum payment of \$3,000.