

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)



118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 1632

S.P. 527

In Senate, March 21, 1997

An Act to Improve Taxpayer Equity in School Funding.

Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator PENDLETON of Cumberland.
Cosponsored by Representative: BRENNAN of Portland.

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

2
3 **Sec. 1. 20-A MRSA §15652, sub-§4**, as enacted by PL 1995, c.
4 368, Pt. Z, §1 and affected by §2, is amended to read:

6 **4. Normalized regional cost adjustment.** "Normalized
7 regional cost adjustment" means a factor that is used to adjust a
8 median household income value and property fiscal capacity up or
9 down to reflect variations in regional costs. The statewide
10 normalized regional cost adjustment is one. The department shall
11 contract for the acquisition of annual normalized regional cost
12 adjustment data based on the National Chamber of Commerce model.

14 **Sec. 2. 20-A MRSA §15657, sub-§§1 and 2**, as enacted by PL 1995,
15 c. 368, Pt. Z, §1 and affected by §2, are amended to read:

16 **1. Fiscal capacity.** The local per pupil property fiscal
17 capacity is divided by the statewide per pupil property fiscal
18 capacity as computed by the commissioner. That amount is divided
19 by the normalized regional cost adjustment as defined in section
20 15652, subsection 4. The final result is multiplied by a
21 property weight of 0.85 0.75.

24 **2. Local median household income.** The most recent local
25 median household income is divided by the statewide average
26 median household income. That amount is divided by the
27 normalized regional cost adjustment as defined in section 15652,
28 subsection 4. The final result is multiplied by an income weight
29 of 0.15 0.25. The department shall use local median household
30 income data, updated annually from the Federal Decennial Census.
31 ~~The department shall contract for the acquisition of annual~~
32 ~~normalized regional cost adjustment data, based on the National~~
33 ~~Chamber of Commerce model.~~

34 **Sec. 3. 20-A MRSA §15658, sub-§1**, as enacted by PL 1995, c.
35 368, Pt. Z, §1 and affected by §2, is amended to read:

38 **1. Operating costs mill rate.** The operating costs mill
39 rate, as described in chapter 606, is in effect for the limited
40 purposes of determining the state and local shares of each school
41 administrative unit's program costs allocation and its debt
42 service allocation, and for determining the amount required to
43 provide the statewide state share of the allocation for the per
44 pupil guarantee. For each individual school administrative unit,
45 the amounts described in section 15655, subsection 1 are used
46 rather than the amounts in section 15608, subsection 1; section
47 15609, subsection 1, paragraph A; and section 15610, subsection
48 1, paragraph A.

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36

Sec. 4. 20-A MRSA §15658, sub-§2 is enacted to read:

2. Calculation of the local share of the allocation for program costs. In calculating a unit's local share of the allocation for program costs as provided in section 15609, subsection 1, paragraph B, the weighted relative fiscal capacity of the unit calculated pursuant to section 15657 is used instead of the unit's state property valuation, for all purposes including the calculation of the unit's program mileage limit defined in section 15603, subsection 20 and the statewide program mileage limit identified in section 15607, subsection 2.

SUMMARY

The Committee to Study Organizational and Tax Issues in Public Schools, as established by the 116th Legislature, issued its final report in February of 1995. That report recognized the use of property values as the exclusive measure of a municipality's ability to pay its local share of education costs. The report recommended the use of income and costs of living along with property values in the formula used to distribute general purpose aid for education.

In response to the committee's report, the 117th Legislature passed the School Finance Act of 1995. That Act introduced income, as modified by a regional cost-of-living factor as a 15% factor, in the calculation of municipal ability to pay. Property value unadjusted for cost of living was left as an 85% factor. This bill increases the weight of the income factor to 25%. It also uses the cost-of-living factor to adjust a municipality's property values. This bill also requires the State to use a school unit's weighted relative fiscal capacity to calculate a unit's local share of program costs. Those costs are substantial in most school units but current law only uses a unit's property value to calculate the unit's local share.