

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 589

S.P. 200

In Senate, January 21, 1999

**An Act to Reduce Property Taxes by the State Reimbursing Special
Education Costs.**

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 DOUGLASS of Androscoggin.

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

2
4 **Sec. 1. 20-A MRSA §15603, sub-§26-A, ¶F,** as amended by PL 1995, c. 665, Pt. J, §2, is further amended to read:

6 F. If for any fiscal year, the total amount appropriated
8 for the State's share of the total allocation is less than
10 the amount specified in the certified funding level for that
12 year, then all subsidizable costs except as noted in
14 subparagraphs (1) and (2) are reduced by a percentage of the
16 original cost amounts. The reduction percentage is the
18 smallest percentage that results in a state share of the
20 total allocation that does not exceed the amount
22 appropriated for this purpose, except that the reduction
24 percentage that would ordinarily be used for operating and
26 program costs must be reduced for the purpose of computing
 state subsidy for transportation operating costs as defined
 in subsection 29. The reduction percentage ordinarily used
 for transportation operating costs must be reduced by the
 amount necessary to provide additional state subsidy equal
 to \$4,500,000 for this category of costs. The statewide
 adjustment factor under section 15654, subsection 1,
 paragraph B must be adjusted by an amount sufficient to
 provide this additional funding for program costs. The
 following subsidizable costs may not be reduced:

- 28 (1) Principal and interest on approved school
 construction costs; and
30 (2) Approved lease costs; and
32 (3) Special education costs.

34 **Sec. 2. 20-A MRSA §15612, sub-§6, ¶B,** as amended by PL 1989,
36 c. 554, §1, is further amended to read:

38 B. ~~The funds for the adjustment shall must be limited to~~
40 ~~the amount appropriated by the Legislature for that purpose~~
42 ~~at least 50% of the school administrative unit's actual~~
 ~~special education cost.~~ Unexpended funds may be used to
 fund the out-of-district placement provisions under
 subsection 11.

44 **Sec. 3. Department to create property tax reduction formula.** The
46 Department of Education shall develop a formula that converts a
48 special education cost reimbursement to a school district into a
50 property tax reduction for the property owners of the
 municipalities served by that school district. In developing the
 formula, the department may seek the assistance of the Department
 of Administrative and Financial Services, Bureau of

2 Revenue Services. The department shall present the formula and
any necessary implementing legislation to the Joint Standing
4 Committee on Taxation by January 15, 2000.

6 **SUMMARY**

8 This bill requires the State to subsidize at least 50% of a
10 school administrative district's special education cost if a
hardship is proven. This bill also requires the Department of
12 Education by January 15, 2000 to develop a formula to convert
this special education subsidization into a property tax
14 reduction for the taxpayers of the municipalities served by the
district.