

MAINE STATE LEGISLATURE

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L.D. 970

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TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 751, L.D. 970, Bill, "An Act to Limit the Use of Property Taxes to Fund Education"

Amend the bill by striking out the title and substituting the following:

'Resolve, Establishing an Education Funding Reform Committee to Make Recommendations to Reduce the State's Reliance on the Property Tax as a Funding Source for Education'

Further amend the bill by striking out everything after the title and before the concept draft summary and inserting in its place the following:

'Sec. 1. Committee created; charged. Resolved: That the Education Funding Reform Committee, referred to in this resolve as the "committee," is established to make recommendations regarding education funding reform in the State. The committee shall consider reforms to the State's education funding system. The committee shall make recommendations that reduce the State's reliance on the property tax as the primary source of funding for education and identify funding sources that provide adequate resources to ensure equal educational opportunity throughout the State.

1. The committee shall make recommendations regarding the following:

A. Funding most of elementary and secondary education from tax revenues other than the property tax;

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2 B. Providing new methods of raising revenue for education
4 funding that provide a more equitable balance among property
taxes, sales taxes and personal income taxes;

6 C. Stabilizing the State's tax structure to resist, to the
8 greatest practicable extent, fluctuations in revenues,
particularly in times of economic downturns;

10 D. Establishing reasonable caps on local real and personal
12 property taxes that do not prevent municipalities from
providing services to residents;

14 E. Determining the need for property tax relief and
16 exemptions in the event of a substantial reduction in
property taxes as a funding source for elementary and
18 secondary education; and

20 F. Expanding the sales tax base by eliminating exemptions
and exclusions and extending the sales tax to services and
22 products not currently taxed.

24 2. The committee's review must include, but is not limited
to, consideration of the following:

26 A. Funding the cost of elementary and secondary education
28 under the following options:

(1) Exclusively from the sales tax;

(2) From a combination of taxes other than the
32 property tax; or

(3) From a combination of taxes, including the
36 property tax, with a cap of 4 mills on the property tax
used to fund education;

38 B. Eliminating some or most sales tax exemptions and
40 exclusions;

42 C. The practicality of reducing the sales tax following
elimination of most or all exclusions and exemptions;

44 D. Adjustments to current income tax brackets and rates; and

46 E. The need for changes in the educational funding formula
48 as a result of changing education funding sources; and be it
further

50 **Sec. 2. Appointment and convening of committee. Resolved:** That
the committee consists of 14 Legislators as follows:

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2 1. Two members of the Senate and 6 members of the House of
4 Representatives who are members of the Joint Standing Committee
on Taxation;

6 2. One member of the Senate and 2 members of the House of
8 Representatives who are members of the Joint Standing Committee
on Appropriations and Financial Affairs; and

10 3. One member of the Senate and 2 members of the House of
12 Representatives, who are members of the Joint Standing Committee
on Education and Cultural Affairs.

14 Members of the Senate must be appointed jointly by the
16 President and President Pro Tempore of the Senate, who shall
jointly appoint a chair from among the Senate members. Members
18 of the House of Representatives must be appointed by the Speaker
of the House of Representatives, who shall appoint a chair from
among the House members.

20 One half of the members appointed from each body must be
22 members of the party with the largest number of Legislators
represented in the Legislature. One half of the members
24 appointed from each body must be members of the party with the
2nd largest number of Legislators in the Legislature.
26 Appointments must be made that provide representation from all
geographic regions of the State; and be it further

28 **Sec. 3. Conduct of study. Resolved:** That the committee shall
30 conduct a public hearing for the purpose of obtaining information
for its study and recommendations and for determining public
32 opinion with respect to education funding mechanisms; and be it
further

34 **Sec. 4. Committee report; extension. Resolved:** That the
36 committee shall present its report and any necessary implementing
legislation to the Second Regular Session of the 120th
38 Legislature by December 31, 2001. It is the intent of the
Legislature that the committee's recommendations be submitted to
40 the voters at a public referendum at the time of the general
election in November 2002. If the committee requires a limited
42 extension of time to conclude its work, it may apply to the
Legislative Council, which may grant the extension; and be it
44 further

46 **Sec. 5. Assistance. Resolved:** That staff assistance of at
least 1.5 full-time equivalents must be made available to the
48 committee by the Legislative Council; and be it further

R.O.S.

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2 appropriation of \$43,300 in fiscal year 2001-02 for the per diem
and expenses of legislative members of the Education Funding
4 Reform Committee, out-of-state travel and public hearing expenses
and to print the required report.

6 The Legislature will incur additional costs to provide staff
assistance to the committee. The ability of the Legislature to
8 provide the equivalent of 1.5 full-time staff to the committee
and absorb these additional responsibilities within existing
10 staff resources can not be determined at this time. The
Legislature may require an additional General Fund appropriation
12 to contract for staff services.'

14
SUMMARY

16 This amendment replaces the bill with a resolve establishing
18 the Education Funding Reform Committee to make recommendations to
the Legislature that reduce the State's reliance on the property
20 tax as the primary source of funding for education and identify
other funding sources that ensure equal educational opportunity,
22 provide a more equitable balance among funding sources and
stabilize the State's tax structure. The committee is required
24 to make recommendations to the Legislature by December 31, 2001.
It is the intent of this resolve that the committee's
26 recommendations must be submitted to the voters at a public
referendum at the time of the general election in November 2002.
28 The amendment also adds a fiscal note and appropriation section
to the bill.

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