

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1089

S.P. 321

In Senate, February 22, 2001

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 ABROMSON of Cumberland.
Cosponsored by Representative ETNIER of Harpswell and
Senators: LaFOUNTAIN of York, LEMONT of York, PENDLETON of Cumberland,
Representatives: BRANNIGAN of Portland, BULL of Freeport, SKOGLUND of St. George.

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

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4 **Sec. 1. 20-A MRSA §15652, sub-§4-A** is enacted to read:

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

20 **Sec. 2. 20-A MRSA §15657, sub-§1**, as enacted by PL 1995, c.
22 368, Pt. Z, §1 and affected by §2, is amended to read:

24 **1. Fiscal capacity.** The local per pupil property fiscal
26 capacity divided by the statewide per pupil property fiscal
28 capacity as computed by the commissioner is multiplied by a
30 property weight of 0.85 0.75.

32 **Sec. 3. 20-A MRSA §15657, sub-§2**, as amended by PL 1999, c.
34 401, Pt. GG, §9, is repealed and the following enacted in its
36 place:

38 **2. Local median household income.** The most recent local
40 median household income is divided by the statewide average
42 median household income. That amount is divided by the
44 normalized regional cost adjustment as defined in section 15652,
46 subsection 4-A. The final result is multiplied by an income
48 weight of 0.25. The department shall use local median household
50 income data, updated annually from the most recent certified
 Federal Decennial Census.

Sec. 4. 20-A MRSA §15658, sub-§1, as enacted by PL 1995, c.
 368, Pt. Z, §1 and affected by §2, is amended to read:

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

Sec. 5. 20-A MRSA §15658, sub-§2 is enacted to read:

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

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SUMMARY

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This bill increases the weight of the income factor in the school funding formula from 15% 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.