

# MAINE STATE LEGISLATURE

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# 122nd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2005

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Legislative Document

No. 1110

H.P. 763

House of Representatives, March 1, 2005

### An Act To Alleviate Overcrowding in Public Schools

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative VAUGHAN of Durham.  
Cosponsored by Representatives: CAIN of Orono, LANSLEY of Sabattus, STEDMAN of Hartland.

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

4 **Sec. 1. 20-A MRSA c. 310** is enacted to read:

6 **CHAPTER 310**

8 **TAX CREDIT FOR STUDENTS IN**  
**OVERCROWDED SCHOOLS**

10 **§8001. Definitions**

12 As used in this chapter, unless the context otherwise  
14 indicates, the following terms have the following meanings.

16 1. **Overcrowded school.** "Overcrowded school" means a public  
elementary or secondary school with an average student-to-teacher  
18 ratio greater than 20 to 1, as measured according to rules  
adopted by the state board.

20 2. **Receiving school.** "Receiving school" means a public or  
private elementary or secondary school that is not an overcrowded  
22 school that receives a student from an overcrowded school.

24 3. **Sending school.** "Sending school" means an overcrowded  
school that a student chooses to leave in order to attend a  
26 public or private elementary or secondary school that is not an  
overcrowded school.

28 4. **Tax credit.** "Tax credit" means a property tax credit  
30 pursuant to Title 36, section 343 or an income tax modification  
pursuant to Title 36, section 5122, subsection 2, paragraph U.

32 **§8002. Eligibility**

34 A parent or legal guardian of a student in an overcrowded  
36 school is eligible to receive a tax credit if that student  
chooses to attend a public or private school that is not an  
38 overcrowded school.

40 **§8003. Rules**

42 The state board shall adopt rules to implement this  
chapter. Those rules must include a method for calculating  
44 average student-to-teacher ratios and an administrative process  
for ensuring that eligibility for a tax credit is not affected by  
46 a student's selection of a receiving school. Rules adopted  
pursuant to this section are major substantive rules as defined  
48 in Title 5, chapter 375, subchapter 2-A.

2           **Sec. 2. 36 MRSA §343** is enacted to read:

4           **§343. Education tax credit**

6           A municipality may issue a credit against property taxes  
8           owed for tuition costs paid by a resident who sends a child to a  
10           school outside of that municipality pursuant to Title 20-A,  
          chapter 310. The amount of the credit is determined by the  
          municipality.

12           **Sec. 3. 36 MRSA §5122, sub-§2, ¶Q**, as corrected by RR 2003, c.  
14           1, §38, is amended to read:

16           Q. A fraction of any amount previously added back by the  
18           taxpayer to federal adjusted gross income pursuant to  
          subsection 1, paragraph N.

20                   (1) With respect to property first placed in service  
22                   during taxable years beginning in 2002, the adjustment  
24                   under this paragraph is available for each year during  
26                   the recovery period, beginning 2 years after the  
28                   beginning of the taxable year during which the property  
                  was first placed in service. The fraction is equal to  
                  the amount added back under subsection 1, paragraph N  
                  with respect to the property, divided by the number of  
                  years in the recovery period minus 2.

30                   (2) With respect to all other property, for the  
32                   taxable year immediately following the taxable year  
34                   during which the property was first placed in service,  
36                   the fraction allowed by this paragraph is equal to 5%  
38                   of the amount added back under subsection 1, paragraph  
                  N with respect to the property. For each subsequent  
                  taxable year during the recovery period, the fraction  
                  is equal to 95% of the amount added back under  
                  subsection 1, paragraph N with respect to the property,  
                  divided by the number of years in the recovery period  
                  minus 2.

40                   In the case of property expensed pursuant to Section 179 of  
42                   the Code, the term "recovery period" means the recovery  
44                   period that would have been applicable to the property had  
                  Section 179 not been applied; and

46           **Sec. 4. 36 MRSA §5122, sub-§2, ¶T**, as amended by PL 2003, c.  
48           705, §12 and affected by §14, is further amended to read:

50           T. For income tax years beginning on or after January 1,  
          2002 and before January 1, 2004, an amount equal to the

2 total premiums spent for long-term care insurance policies  
certified under Title 24-A, section 5075-A as long as the  
4 amount subtracted is reduced by the long-term care premiums  
claimed as an itemized deduction pursuant to section 5125.

6 For income tax years beginning on or after January 1, 2004,  
an amount equal to the total premiums spent for qualified  
8 long-term care insurance contracts certified under Title  
24-A, section 5075-A, as long as the amount subtracted is  
10 reduced by any amount claimed as a deduction for federal  
income tax purposes in accordance with the Code, Section  
12 162(1) and by the long-term care premiums claimed as an  
itemized deduction pursuant to section 5125-; and

14 **Sec. 5. 36 MRSA §5122, sub-§2, ¶U** is enacted to read:

16 U. For income tax years beginning on or after January 1,  
18 2005, an amount equal to costs incurred by a resident to  
send a child to a school outside of the municipality in  
20 which the resident lives pursuant to Title 20-A, chapter  
310. If a resident is issued a tax credit pursuant to  
22 section 343, the amount of that credit must be deducted from  
the amount claimed under this paragraph.

24

## 26 SUMMARY

28 Current law allows a resident of a municipality to send a  
child to a school outside that municipality; the costs of doing  
30 so are borne by the resident.

32 This bill allows a resident whose child attends an  
overcrowded school to send that child to another public or  
34 private school and seek a property tax credit from the  
municipality in which the resident lives. The amount of the  
36 property tax credit is determined by the municipality. This bill  
also provides an income modification to that resident. The  
38 amount of the modification is limited to the difference between  
the actual cost and the amount of the property tax credit issued  
40 by a municipality to the resident.