

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 1506

S.P. 529

March 19, 2007

An Act To Reform Maine's 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 NUTTING of Androscoggin.

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

2 **PART A**

3 **Sec. A-1. 20-A MRSA c. 606-B**, as amended, is repealed.

4 **Sec. A-2. 20-A MRSA c. 606-D** is enacted to read:

5 **CHAPTER 606-D**

6 **SCHOOL FINANCE ACT OF 2007**

7 **§15696. Local funding effort required**

8 Each school administrative unit in this State shall fund its budget from local property
9 tax revenue in an amount equal to .008 times the total valuation of the taxable property
10 within the school administrative unit. Any school administrative unit that fails to meet
11 this requirement is ineligible for any state funding under section 15697.

12 **§15697. State funding effort required**

13 The Legislature shall provide to each school administrative unit funds necessary to
14 meet the school administrative unit's expenses that exceed the amount required to be
15 funded from local property tax revenue under section 15696. The amount of funding
16 must be based on audits conducted pursuant to section 15698.

17 **§15698. State audits required**

18 The department shall audit each school administrative unit's budget. By December
19 1st of each even-numbered year, the department shall present to the Legislature the
20 results of its audits along with a comparison of education spending among schools of the
21 same or closely similar size. The department shall identify the amount of expenses of
22 each school administrative unit that exceeds the amount required to be funded from
23 property tax revenues under section 15696.

24 **Sec. A-3. 20-A MRSA §15752**, as enacted by PL 2005, c. 2, Pt. D, §63 and
25 affected by §§72 and 74 and c. 12, Pt. WW, §18, is repealed.

26 **Sec. A-4. 20-A MRSA §15753**, as enacted by PL 2005, c. 2, Pt. D, §63 and
27 affected by §§72 and 74 and c. 12, Pt. WW, §18, is repealed.

28 **PART B**

29 **Sec. B-1. 5 MRSA §1534, sub-§1**, as amended by PL 2005, c. 683, Pt. M, §1, is
30 further amended to read:

31 **1. Establishment of General Fund appropriation limitation.** As of December 1st
32 of each even-numbered year, there must be established a General Fund appropriation
33 limitation for the ensuing biennium. The General Fund appropriation limitation applies

1 to all General Fund appropriations, ~~except that the additional cost for essential programs~~
2 ~~and services for kindergarten to grade 12 education under Title 20-A, chapter 606-B over~~
3 ~~the fiscal year 2004-05 appropriation for general purpose aid for local schools is excluded~~
4 ~~from the General Fund appropriation limitation until the state share of that cost reaches~~
5 ~~55% of the total state and local cost.~~

6 A. For the first fiscal year of the biennium, the General Fund appropriation
7 limitation is equal to the biennial base year appropriation multiplied by one plus the
8 growth limitation factor in subsection 2.

9 B. For the 2nd year of the biennium, the General Fund appropriation limitation is
10 the General Fund appropriation limitation of the first year of the biennium biennial
11 base year appropriation multiplied by one plus the growth limitation factor in
12 subsection 2.

13 **Sec. B-2. 5 MRSA §1535**, as amended by PL 2005, c. 621, §4, is further amended
14 to read:

15 **§1535. General Fund transfers to stabilization fund**

16 Baseline General Fund revenue, as recommended by the Revenue Forecasting
17 Committee and authorized in accordance with chapter 151-B, and other available
18 budgeted General Fund resources that exceed the General Fund appropriation limitation
19 established by section 1534 ~~plus the additional cost for essential programs and services~~
20 ~~for kindergarten to grade 12 education under Title 20-A, chapter 606-B over the fiscal~~
21 ~~year 2004-05 appropriation for general purpose aid for local schools until the state share~~
22 ~~of that cost reaches 55% of the total state and local cost~~ must be transferred to the
23 stabilization fund.

24 **Sec. B-3. 5 MRSA §1677**, as enacted by PL 2003, c. 712, §1, is repealed.

25 **Sec. B-4. 5 MRSA §1753, sub-§4**, as amended by PL 2005, c. 683, Pt. B, §1, is
26 repealed.

27 **Sec. B-5. 5 MRSA §17154, sub-§6, ¶E**, as amended by PL 2005, c. 2, Pt. D, §1
28 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

29 E. Notwithstanding this section, the employer retirement costs related to the
30 retirement system applicable to those teachers whose funding is provided directly or
31 through reimbursement from private or public grants must be paid by local school
32 systems from those funds. "Public grants" does not include state or local funds
33 provided to school administrative units under Title 20-A, chapters 315 and ~~606-B~~
34 606-D.

35 **Sec. B-6. 20-A MRSA §1, sub-§12-A** is enacted to read:

36 **12-A. Fiscal capacity.** "Fiscal capacity" means the certified state valuation for the
37 year prior to the most recently certified state valuation.

1 **Sec. B-7. 20-A MRSA §1, sub-§17**, as amended by PL 2005, c. 2, Pt. D, §2 and
2 affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

3 **17. Major capital costs.** "Major capital costs" is defined in section 15672,
4 subsection 18-A means costs relating to school construction projects, as defined in
5 section 15901.

6 **Sec. B-8. 20-A MRSA §1, sub-§18**, as amended by PL 2005, c. 2, Pt. D, §2 and
7 affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

8 **18. Minor capital costs.** "Minor capital costs" is defined in section 15672,
9 subsection 20-A means costs relating to plant maintenance, minor remodeling, site
10 development or the purchase of land not in conjunction with a construction project.

11 A. "Minor capital costs" does not include construction of new buildings or the
12 purchase of land in conjunction with a school construction project.

13 B. Expenditures to repay funds borrowed for minor capital expenditures must be
14 considered minor capital costs in the year in which these funds are repaid.

15 C. Purchase of land made in accordance with this subsection must be approved:

16 (1) By the legislative body of the school administrative unit; and

17 (2) By the commissioner, under rules adopted for this purpose.

18 **Sec. B-9. 20-A MRSA §1, sub-§20-A** is enacted to read:

19 **20-A. Portable, temporary classroom space.** "Portable, temporary classroom
20 space" means one or more mobile or modular buildings that are at least partially
21 constructed off site and that are designed to be moved to other sites with a minimum of
22 disassembly and reassembly.

23 **Sec. B-10. 20-A MRSA §1301, sub-§1, ¶A**, as amended by PL 2005, c. 2, Pt. D,
24 §3 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

25 A. Under a property valuation method, municipalities in a district shall share costs
26 in the same proportion as each municipality's fiscal capacity ~~as defined in section~~
27 ~~15672, subsection 23~~ is to the district's fiscal capacity.

28 **Sec. B-11. 20-A MRSA §1301, sub-§1, ¶B**, as amended by PL 2005, c. 2, Pt. D,
29 §4 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

30 B. Under an alternate plan approved by the state board and by a vote of the
31 legislative bodies of the school administrative units forming the district and based on:

32 (1) The number of resident pupils in each town;

33 (2) The fiscal capacity of each member municipality ~~as defined in section 15672,~~
34 ~~subsection 23;~~

35 (3) Any combination of subparagraphs (1) and (2); or

1 (4) Any other factor or combination of factors that may, but need not, include
2 subparagraphs (1) and (2).

3 **Sec. B-12. 20-A MRSA §1305-A, first ¶**, as amended by PL 2005, c. 683, Pt. A,
4 §21, is further amended to read:

5 Notwithstanding section 1302, 1305, 1306, or 1307 ~~or 15693~~, after January 31, 2001,
6 the format of the annual budget of a school administrative district may be changed only in
7 accordance with this section and section 1305-B.

8 **Sec. B-13. 20-A MRSA §1305-A, sub-§1, ¶B**, as amended by PL 2005, c. 12,
9 Pt. WW, §1, is further amended to read:

10 B. Revenue sources:

11 (1) Total education costs appropriated pursuant to section ~~15690, subsection 1~~
12 15696;

13 ~~(2) Non state funded debt service costs approved pursuant to section 15690,~~
14 ~~subsection 2, if any; and~~

15 ~~(3) Additional local funds, if any, approved pursuant to section 15690,~~
16 ~~subsection 3, paragraph A or B;~~

17 **Sec. B-14. 20-A MRSA §1305-B, first ¶**, as amended by PL 2005, c. 683, Pt. A,
18 §22, is further amended to read:

19 Notwithstanding sections 1302, 1305, 1306, and 1307 ~~and 15693~~, after January 31,
20 2001, the procedure for approval of the annual budget of a school administrative district
21 provided under sections 1304 and 1305 may be changed only in accordance with this
22 section and section 1305-A. The budget validation referendum process provided in this
23 section may not be adopted for use in a school administrative district unless the cost
24 center summary budget format provided in section 1305-A is also adopted. A school
25 administrative district using the alternative voting procedures established in section 1305
26 may reconsider that use only if as part of that reconsideration the voters adopt use of the
27 cost center summary budget format provided in section 1305-A or the cost center
28 summary budget format and the budget validation referendum process provided in this
29 section.

30 **Sec. B-15. 20-A MRSA §1307, sub-§3**, as amended by PL 2005, c. 2, Pt. D, §5
31 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is repealed.

32 **Sec. B-16. 20-A MRSA §1307, sub-§4**, as amended by PL 2005, c. 2, Pt. D, §6
33 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is repealed.

34 **Sec. B-17. 20-A MRSA §1308**, as amended by PL 2005, c. 2, Pt. D, §7 and
35 affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

1 **§1308. Failure to pass budget**

2 If a budget for the operating of the district is not approved prior to July 1st, the latest
3 budget as submitted by the board of directors is automatically considered the budget for
4 operational expenses for the ensuing year until a final budget is approved, ~~except that,~~
5 ~~when the school board delays the school budget meeting in accordance with section~~
6 ~~15693, subsection 2, paragraph C, the operating budget must be approved within 30 days~~
7 ~~of the date the commissioner notifies the school board of the amount allocated to the~~
8 ~~school unit under section 15689-B or the latest budget submitted by the directors~~
9 ~~becomes the operating budget for the next school year.~~

10 **Sec. B-18. 20-A MRSA §1311, sub-§1, ¶C**, as amended by PL 2005, c. 2, Pt. D,
11 §8 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

12 C. Minor capital costs as defined in section ~~15672~~ 1, subsection ~~20-A~~ 18.

13 **Sec. B-19. 20-A MRSA §1351, sub-§1, ¶K**, as amended by PL 2005, c. 2, Pt. D,
14 §9 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

15 K. To borrow funds for minor capital costs as defined in section ~~15672~~ 1,
16 subsection ~~20-A~~ 18.

17 **Sec. B-20. 20-A MRSA §1403, sub-§16**, as amended by PL 2005, c. 683, Pt. A,
18 §23, is further amended to read:

19 **16. General purpose aid.** When a school administrative district dissolves, the
20 general purpose aid for the individual municipalities must be computed in accordance
21 with chapter ~~606-B~~ 606-D.

22 **Sec. B-21. 20-A MRSA §1407, sub-§2**, as amended by PL 2005, c. 2, Pt. D, §10
23 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

24 **2. Expense of keeping the school open.** If the voters vote to keep the school open,
25 the member municipality is liable for some additional expense for actual local operating
26 costs and transportation operating costs ~~as defined in section 15672~~. The determination
27 of costs is subject to the approval of the commissioner. The cost to be borne by the town
28 voting to keep an elementary school open is the amount that would be saved if the school
29 were closed. Any additional costs that must be borne by the member municipality must
30 be part of the article presented to the voters at the meeting to determine whether the
31 school should remain open.

32 **Sec. B-22. 20-A MRSA §1701, sub-§3**, as amended by PL 2005, c. 2, Pt. D, §11
33 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

34 **3. Time and place.** The district school committee shall call an annual budget
35 meeting on or before June 30th at an hour and in a location within the community school
36 district it designates, ~~except that the school committee may delay the annual budget~~
37 ~~meeting to a date after July 1st in accordance with section 15693, subsection 2, paragraph~~
38 ~~C.~~

1 **Sec. B-23. 20-A MRSA §1701, sub-§9, ¶A**, as amended by PL 2005, c. 2, Pt. D,
2 §12 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

3 A. The budget format may be determined by the voters of a community school
4 district by adoption of an appropriate warrant article at a properly called election held
5 ~~in accordance with the procedure set forth in section 15693, subsection 6.~~

6 **Sec. B-24. 20-A MRSA §1701, sub-§12**, as amended by PL 2005, c. 2, Pt. D,
7 §13 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is repealed.

8 **Sec. B-25. 20-A MRSA §1701-A, sub-§1, ¶B**, as amended by PL 2005, c. 12,
9 Pt. WW, §2, is further amended to read:

10 B. Revenue sources:

11 (1) Total education costs appropriated pursuant to section ~~15690, subsection 1~~
12 15696;

13 ~~(2) Non state funded debt service costs approved pursuant to section 15690,~~
14 ~~subsection 2, if any; and~~

15 ~~(3) Additional local funds, if any, approved pursuant to section 15690,~~
16 ~~subsection 3, paragraph A or B;~~

17 **Sec. B-26. 20-A MRSA §1701-B, sub-§5**, as amended by PL 2005, c. 2, Pt. D,
18 §14 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

19 **5. Failure to approve budget.** If the voters do not validate the budget approved in
20 the district budget meeting at the budget validation referendum vote, the district school
21 committee shall hold another district budget meeting in accordance with section 1701,
22 subsection 8 at least 10 days after the referendum to vote on a budget approved by the
23 committee. The budget approved at the district budget meeting must be submitted to the
24 voters for validation at referendum in accordance with this section. The process must be
25 repeated until a budget is approved at a district budget meeting and validated at
26 referendum. If a budget is not approved and validated before July 1st of each year, the
27 latest budget submitted by the committee is automatically considered the budget for
28 operational expenses for the ensuing year until a final budget is approved, ~~except that~~
29 ~~when the school committee delays the district budget meeting in accordance with section~~
30 ~~15693, subsection 2, paragraph C the operating budget must be approved within 30 days~~
31 ~~of the date the commissioner notifies the school committee of the amount allocated to the~~
32 ~~school unit under section 15689-B or the latest budget submitted by the committee~~
33 ~~becomes the operating budget for the next school year.~~

34 **Sec. B-27. 20-A MRSA §1704, sub-§1, ¶B**, as amended by PL 2005, c. 2, Pt. D,
35 §15 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

36 B. The fiscal capacity of each member municipality ~~as defined in section 15672,~~
37 ~~subsection 23;~~

38 **Sec. B-28. 20-A MRSA §3252, sub-§4-A**, as amended by PL 2005, c. 635, §1, is
39 further amended to read:

1 **4-A. Targeted funds.** In addition to tuition rates calculated pursuant to chapter 219,
2 targeted funds for each student in the unorganized territory must be paid to the school
3 administrative unit or private school approved for tuition purposes that a student attends.
4 ~~For purposes of this subsection, "targeted funds" means those funds identified under~~
5 ~~essential programs and services for technology, implementation of a standards-based~~
6 ~~system and kindergarten to grade 2 pursuant to section 15671, subsection 6 and section~~
7 ~~15681.~~

8 **Sec. B-29. 20-A MRSA §3253-A, sub-§3-A,** as amended by PL 2005, c. 635,
9 §2, is further amended to read:

10 **3-A. Targeted funds.** In addition to tuition rates calculated pursuant to chapter 219,
11 targeted funds for each student in the unorganized territory must be paid to the school
12 administrative unit or private school approved for tuition purposes that a student attends.
13 ~~For purposes of this subsection, "targeted funds" means those funds identified under~~
14 ~~essential programs and services for technology, implementation of a standards-based~~
15 ~~system and kindergarten to grade 2 pursuant to section 15671, subsection 6 and section~~
16 ~~15681.~~

17 **Sec. B-30. 20-A MRSA §4254, sub-§1,** as amended by PL 2005, c. 2, Pt. D, §17
18 and affected by §§72, and 74 and c. 12, Pt. WW, §18, is further amended to read:

19 **1. Allowable costs.** Allowable costs are the cost of implementing approved plans;
20 ~~these costs may be added to the school unit's subsidizable costs under chapter 606-B.~~

21 **Sec. B-31. 20-A MRSA §5401, sub-§15, ¶C,** as amended by PL 2005, c. 2, Pt.
22 D, §18 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

23 C. A school board may obtain a short-term loan or enter into a lease-purchase
24 agreement to acquire school buses if the loan is approved by the unit's legislative
25 body or if funds that can be used for the initial lease-purchase payment have been
26 appropriated by the unit's legislative body. The term of a loan or a lease-purchase
27 agreement may not exceed 5 years. The commissioner shall establish a maximum
28 amount for annual-term purchases in excess of the amount established in paragraph
29 A. ~~Beginning in fiscal year 2005-06, these expenditures must be subsidized in~~
30 ~~accordance with chapter 606-B.~~

31 **Sec. B-32. 20-A MRSA §6051, sub-§1, ¶D,** as enacted by PL 1985, c. 797, §36,
32 is amended to read:

33 D. An audit of all federal programs in accordance with applicable federal law; and

34 **Sec. B-33. 20-A MRSA §6051, sub-§1, ¶E,** as amended by PL 2005, c. 683, Pt.
35 A, §24, is repealed.

36 **Sec. B-34. 20-A MRSA §6051, sub-§4,** as amended by PL 2005, c. 683, Pt. A,
37 §25, is further amended to read:

38 **4. Initial report to commissioner.** On or before December 1st, the school board
39 shall provide the commissioner with:

1 C. Written determination of whether or not proper budgetary controls are in place;
2 and

3 D. A written determination of whether or not the annual financial report submitted
4 to the department is correct, including submission of an audited reconciliation of the
5 annual financial report prepared and certified by the auditor; and

6 ~~E. A written determination as to whether the school administrative unit has~~
7 ~~complied with applicable provisions of the Essential Programs and Services Funding~~
8 ~~Act.~~

9 **Sec. B-35. 20-A MRSA §6651, sub-§6**, as amended by PL 2005, c. 683, Pt. A,
10 §26, is further amended to read:

11 **6. Subsidizable cost of operating programs in private secondary schools.** The
12 cost of salaries and educational materials attributable to the child care services must be
13 calculated on a per-child basis. ~~One hundred percent of the cost per child times the~~
14 ~~number of children whose parents attend school in the private school must be~~
15 ~~subsidizable as program costs under the Essential Programs and Services Funding Act if~~
16 ~~these costs are paid for by the school administrative unit responsible for educating the~~
17 ~~student parents.~~

18 **Sec. B-36. 20-A MRSA §8301-A, sub-§4**, as amended by PL 2005, c. 2, Pt. D,
19 §23 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

20 **4. Municipality.** "Municipality" ~~has the same meaning as in section 15672,~~
21 ~~subsection 21~~ means a city, town or organized plantation.

22 **Sec. B-37. 20-A MRSA §8301-A, sub-§9**, as amended by PL 2005, c. 2, Pt. D,
23 §23 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

24 **9. State subsidy.** "State subsidy" ~~has the same meaning as in section 15672,~~
25 ~~subsection 31-A~~ means the amount of funds provided to a school administrative unit
26 under chapter 606-D.

27 **Sec. B-38. 20-A MRSA §8351**, as amended by PL 2005, c. 2, Pt. D, §24 and
28 affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

29 **§8351. State aid for career and technical education centers and career and technical**
30 **education regions**

31 State aid for centers and regions must be administered in accordance with ~~chapters~~
32 ~~606-B and chapter~~ chapter 609 and Title 20, section 3457.

33 **Sec. B-39. 20-A MRSA §8402**, as amended by PL 2005, c. 2, Pt. D, §25 and
34 §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

35 **§8402. Programs**

36 A center shall provide programs of career and technical education. Programs of
37 career and technical education are eligible to receive state subsidy pursuant to ~~chapters~~

1 ~~606-B and~~ chapter 609. All programs of career and technical education offered by a
2 center must be approved by the commissioner pursuant to section 8306-A. The programs
3 must offer a sequence of courses that are directly related to the preparation of individuals
4 for employment in current or emerging occupations and may include training and
5 education in academic and business skills preparing students to further their education at
6 the community college or other college level or allowing students to use trade and
7 occupational skills on other than an employee basis. Programs of career and technical
8 education may also include alternative educational programs and training and education
9 in music, athletics, art and other activities approved by the commissioner pursuant to
10 section 8306-A.

11 **Sec. B-40. 20-A MRSA §8404, sub-§3, ¶C**, as amended by PL 2005, c. 2, Pt. D,
12 §26 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

13 C. Shall, in the event that the school boards of School Administrative District No.
14 27, School Administrative District No. 33 and Madawaska School Department enter
15 into a cooperative agreement pursuant to section 8401 and a new career and technical
16 education center in Maine School Administrative District No. 33 becomes
17 operational, devise a cost sharing formula for the center established thereby
18 ~~pertaining to the cost of career and technical education programs that exceed~~
19 ~~expenditures made for those programs in the base year as adjusted pursuant to section~~
20 ~~15681-A, subsection 4 and to the local share of debt service costs attributable to~~
21 ~~construction of the center in School Administrative District No. 33;~~

22 **Sec. B-41. 20-A MRSA §8451-A**, as amended by PL 2005, c. 2, Pt. D, §27 and
23 affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

24 **§8451-A. Programs**

25 A region shall provide programs of career and technical education. Programs of
26 career and technical education are eligible to receive state subsidy pursuant to ~~chapters~~
27 ~~606-B and~~ chapter 609. All programs of career and technical education offered by a
28 region must be approved by the commissioner pursuant to section 8306-A. The programs
29 must offer a sequence of courses that are directly related to the preparation of individuals
30 for employment in current or emerging occupations and may include training and
31 education in academic and business skills preparing students to further their education at
32 the community college or college level or allowing students to use trade and occupational
33 skills on other than an employee basis. Programs of career and technical education may
34 also include alternative educational programs and training and education in music,
35 athletics, art and other activities approved by the commissioner pursuant to section 8306-
36 A.

37 **Sec. B-42. 20-A MRSA §8601-A, sub-§6**, as amended by PL 2005, c. 2, Pt. D,
38 §28 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

39 **6. Municipality.** "Municipality" has the same meaning as in section ~~15672~~ 8301-A,
40 subsection ~~21~~ 4.

1 **Sec. B-43. 20-A MRSA §8605, sub-§2, ¶B**, as amended by PL 2005, c. 2, Pt. D,
2 §29 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is repealed.

3 **Sec. B-44. 20-A MRSA §8606-A, sub-§2, ¶C**, as amended by PL 2005, c. 12,
4 Pt. D, §1 and affected by Pt. WW, §12, is further amended to read:

5 C. The recommendation in the commissioner's funding level certification must
6 include local adult education program cost adjustment to the equivalent of the year
7 prior to the year of allocation. ~~This adjustment is calculated according to the same~~
8 ~~guidelines established, for purposes of chapter 606-B, by section 15689-C, subsection~~
9 ~~3.~~

10 **Sec. B-45. 20-A MRSA §9703, sub-§5**, as amended by PL 2005, c. 683, Pt. A,
11 §27, is further amended to read:

12 **5. Line-item budget.** A line-item budget submitted no later than 90 days prior to the
13 fiscal year in which the program will operate. The proposed budget request may not
14 exceed, on a per student basis, the state average tuition rate for a total of 12 students as
15 provided in sections 5804, and 5805 ~~and 15689~~.

16 **Sec. B-46. 20-A MRSA §9706**, as amended by PL 2005, c. 683, Pt. A, §28, is
17 further amended to read:

18 **§9706. Rule-making authority**

19 The commissioner shall adopt rules to implement this chapter ~~and the funding~~
20 ~~scheme under the Essential Programs and Services Funding Act.~~

21 **Sec. B-47. 20-A MRSA §13506, sub-§3-A, ¶B**, as amended by PL 2005, c. 683,
22 Pt. A, §30, is further amended to read:

23 B. The impact on local communities of ~~the Essential Programs and Services~~
24 ~~Funding Act and of implementing increased curriculum and graduation requirements,~~
25 including recommended ways to meet increased local needs. The commissioner shall
26 estimate projected local costs, including catastrophic costs, and propose alternative
27 methods for meeting those costs, including recommendations for additional state
28 funding of education costs; and

29 **Sec. B-48. 20-A MRSA §15753**, as enacted by PL 2005, c. 2, Pt. D, §63 and
30 affected by §§72 and 74 and c. 12, Pt. WW, §18, is repealed.

31 **Sec. B-49. 20-A MRSA §15901, sub-§4**, as amended by PL 2005, c. 683, Pt. B,
32 §12, is further amended to read:

33 **4. School construction project.** "School construction project" means:

- 34 A. On-site additions to existing schools;
35 B. New schools;

- 1 C. The cost of land acquired in conjunction with projects otherwise defined by this
2 subsection;
- 3 D. The building of or acquisition of other facilities related to the operation of
4 school administrative units;
- 5 E. The complete restoration of existing school buildings in lieu of replacement
6 when in the judgment of the commissioner the action is in the best interest of the
7 State and local unit; and
- 8 F. Off-site construction only if, in the judgment of the commissioner, it is
9 economically in the best interests of the State or there is no other practical way to
10 complete a project.

11 "School construction project" does not mean the purchase, lease-purchase or construction
12 of portable temporary classroom space, ~~as defined in section 15672, subsection 21-B~~; the
13 lease-purchase of bus garage and maintenance facilities or a permanent space lease-
14 purchase project as defined in section 15901, subsection 4-B.

15 **Sec. B-50. 20-A MRSA §15901, sub-§4-A**, as amended by PL 2005, c. 683, Pt.
16 B, §13, is further amended to read:

17 **4-A. Small scale school construction project.** "Small scale school construction
18 project" means a project that will not be eligible for state subsidy and is limited to:

- 19 A. New buildings not exceeding 600 square feet in gross area to be utilized solely
20 for storage or custodial work, or both; or
- 21 B. On-site additions to existing school buildings not exceeding 600 square feet in
22 gross area.

23 "Small scale school construction project" does not mean the purchase, lease-purchase or
24 construction of portable temporary classroom space, ~~as defined in section 15672,~~
25 ~~subsection 21-B~~; or the lease-purchase of bus garage and maintenance facilities.

26 **Sec. B-51. 20-A MRSA §15901, sub-§4-B**, as amended by PL 2005, c. 683, Pt.
27 B, §14, is further amended to read:

28 **4-B. Permanent space lease-purchase project.** "Permanent space lease-purchase
29 project" means the lease-purchase of permanent administrative space or permanent small
30 nonadministrative or instructional space ~~whose costs are wholly or partially eligible as~~
31 ~~debt service costs for subsidy purposes under section 15672, subsection 2-A, paragraph~~
32 ~~B, subparagraph (1) or subparagraph (3).~~ "Permanent space lease-purchase project" does
33 not mean the purchase, lease-purchase or construction of portable temporary classroom
34 space, ~~as defined in section 15672, subsection 21-B~~; or the lease-purchase of bus garage
35 and maintenance facilities.

36 **Sec. B-52. 20-A MRSA §15904, sub-§4, ¶E**, as amended by PL 2005, c. 12, Pt.
37 WW, §9, is further amended to read:

- 38 E. The school administrative unit is responsible for the local share of annual
39 principal and interest payments for this school construction project included in the
40 total cost of education appropriated pursuant to section ~~15690, subsection 1~~ 15696, if

1 any, and for the annual principal and interest payments for the non-state-funded
2 portion of this school construction project.

3 **Sec. B-53. 20-A MRS §15904, sub-§6**, as amended by PL 2005, c. 683, Pt. B,
4 §15, is further amended to read:

5 **6. Permanent space lease-purchase projects.** A permanent space lease-purchase
6 project, as defined in section 15901, subsection 4-B, ~~whose costs are wholly eligible as~~
7 ~~debt service costs for subsidy purposes under section 15672, subsection 2-A, paragraph B~~
8 must receive a favorable vote of the legislative body of the school administrative unit. A
9 ~~permanent space lease-purchase project whose lease-purchase costs are not eligible as~~
10 ~~debt service costs for subsidy purposes under section 15672, subsection 2-A, paragraph B~~
11 ~~must receive a favorable vote of the legislative body conducted in accordance with this~~
12 ~~section, except that subsection 4 does not apply.~~ The vote may authorize the school
13 board or school committee to enter into a mortgage, security interest or other
14 encumbrance on the permanent space lease-purchase project determined to be necessary
15 for the permanent space lease-purchase project.

16 **Sec. B-54. 20-A MRS §15905, sub-§1, ¶A**, as amended by PL 2005, c. 519,
17 Pt. J, §3, is further amended to read:

18 A. The state board may approve projects as long as no project approval will cause
19 debt service costs, as ~~defined in section 15672, subsection 2-A, paragraph A~~
20 determined by the state board, to exceed the maximum limits specified in Table 1 in
21 subsequent fiscal years.

22 Table 1

23 Fiscal year	Maximum Debt Service Limit
24 1990	\$ 48,000,000
25 1991	\$ 57,000,000
26 1992	\$ 65,000,000
27 1993	\$ 67,000,000
28 1994	\$ 67,000,000
29 1995	\$ 67,000,000
30 1996	\$ 67,000,000
31 1997	\$ 67,000,000
32 1998	\$ 67,000,000
33 1999	\$ 69,000,000
34 2000	\$ 72,000,000
35 2001	\$ 74,000,000
36 2002	\$ 74,000,000
37 2003	\$ 80,000,000
38 2004	\$ 80,000,000
39 2005	\$ 84,000,000
40 2006	\$ 90,000,000
41 2007	\$ 96,000,000

1	2008	\$100,000,000
2	2009	\$104,000,000
3	2010	\$108,000,000
4	2011	\$126,000,000

5 **Sec. B-55. 20-A MRSA §15905, sub-§7**, as amended by PL 2005, c. 683, Pt. B,
6 §16, is further amended to read:

7 **7. Interest-only interim local financing.** Notwithstanding any provision of law or
8 rule to the contrary, the state board may accelerate the dates on which it grants concept
9 approval and funding approval for a school construction project that has been placed on
10 the special priority list of the state board on the condition that the school administrative
11 unit provide interest-only interim local financing for the project in accordance with this
12 subsection. The period of interest-only interim local financing must be determined by the
13 state board at the time concept approval is granted for a project and must be based on the
14 time difference between the date that final funding approval is expected to be granted on
15 an accelerated basis and the date that final funding approval would have been expected to
16 be granted in the normal course. The period of interim local financing for a project may
17 not exceed 5 years.

18 Notwithstanding any provision of law or rule to the contrary, a school administrative unit,
19 including a school administrative unit established by private and special law, authorized
20 to issue securities for school construction purposes may issue its securities for school
21 construction purposes on an interest-only basis during a period of interest-only interim
22 local financing approved by the state board in accordance with this subsection. The
23 period of interest-only interim local financing must precede, and be in addition to, the
24 periods for interest payments and principal payments otherwise established pursuant to
25 the school construction rules of the state board. The length of the period of interest-only
26 interim local financing and the length of the debt service schedule otherwise established
27 must be clearly stated on the face of the securities.

28 ~~The interest only payments made by a school administrative unit during the period of~~
29 ~~interim financing must be paid from local funds without state participation and may not~~
30 ~~be included in the unit's debt service costs for state subsidy purposes under section 15672,~~
31 ~~subsection 2-A. Such interest only payments during the period of interim local financing~~
32 ~~may not be considered debt service costs as defined in section 15672, subsection 2-A for~~
33 ~~purposes of calculating amounts subject to the debt service limit established by this~~
34 ~~section.~~

35 The referendum question that is submitted to the voters for a project subject to interest-
36 only interim local financing under this subsection must include, in addition to the
37 information required by section 15904, an informational statement that sets forth the
38 length of the period of interest-only interim financing established by the state board, an
39 estimate of the annual interest cost during the period of interest-only interim local
40 financing and a statement that the interest-only payments during the period of interim
41 local financing is not eligible for inclusion in the debt service allocation of the school
42 administrative unit for purposes of calculating state school construction subsidy to the
43 unit.

1 The maximum period that securities for a school construction project may be outstanding
2 under any applicable statute or rule must be extended by the length of the period of
3 interest-only interim local financing approved by the state board under this subsection.

4 If the voters of a school administrative unit do not vote to approve a school construction
5 project subject to interest-only interim local financing under this subsection, the unit's
6 school construction project remains eligible for concept and funding approval from the
7 state board at the time that the project would be eligible for such approval without
8 interest-only interim location funding.

9 **Sec. B-56. 30-A MRSA §2181, sub-§4, ¶E**, as amended by PL 2005, c. 2, Pt. D,
10 §64 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

11 E. Identify best management practices and make this information available to the
12 public, ~~including, but not limited to, best management practices that facilitate~~
13 ~~property tax rate reduction pursuant to the increasing state share of the total cost of~~
14 ~~essential programs and services under Title 20-A, chapter 606-B;~~

15 **Sec. B-57. 30-A MRSA §5703, sub-§2, ¶B**, as amended by PL 2005, c. 683, Pt.
16 B, §24, is further amended to read:

17 B. For school construction projects approved by the State Board of Education after
18 July 1, 1985, by multiplying the outstanding amount of each issue of debt incurred
19 for school purposes by the municipality in connection with a project that qualifies for
20 state school construction subsidy under Title 20-A and the state ~~share percentage~~
21 subsidy of operating costs for that municipality ~~as defined in under~~ Title 20-A,
22 ~~section 15672, subsection 31,~~ for the year in which the project received concept
23 approval from the State Board of Education.

24 (1) The certificate of the Commissioner of Education that a project qualifies for
25 state school construction aid and as to the state ~~share percentage~~ subsidy of
26 operating costs for that municipality ~~as defined in under~~ Title 20-A, ~~section~~
27 ~~15672, subsection 31,~~ for the year in which the project received concept approval
28 is conclusive evidence of the facts stated therein.

29 **Sec. B-58. 30-A MRSA §5721-A, sub-§1, ¶D**, as affected by PL 2005, c. 2, Pt.
30 C, §5 and amended by c. 12, Pt. WW, §11 and affected by §§15 and 16, is further
31 amended to read:

32 D. "Property tax levy" means the total annual municipal appropriations, excluding
33 assessments properly issued by a county of which the municipality is a member and
34 amounts governed by and appropriated in accordance with Title 20-A, chapter ~~606-B~~
35 606-D, and amounts appropriated to pay assessments properly issued by a school
36 administrative unit or tuition for students or amounts attributable to a tax increment
37 financing district agreement or similar special tax district, reduced by all resources
38 available to fund those appropriations other than the property tax.

39 **Sec. B-59. 30-A MRSA §6006-F, sub-§6**, as amended by PL 2005, c. 2, Pt. D,
40 §65 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is further amended to read:

