

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 1152

H.P. 790

House of Representatives, March 31, 2015

**An Act To Amend the Definition of "Property Fiscal Capacity" in
the School Funding Law To Address Inequities Affecting
Municipalities Experiencing Significant Reductions in Value**

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

Handwritten signature of Robert B. Hunt in cursive.

ROBERT B. HUNT
Clerk

Presented by Representative STANLEY of Medway.
Cosponsored by Senator PATRICK of Oxford and
Representatives: CAMPBELL of Orrington, GILBERT of Jay, McCABE of Skowhegan,
TURNER of Burlington, Senators: DILL of Penobscot, ROSEN of Hancock.

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

2 **Sec. 1. 20-A MRSA §15672, sub-§23, ¶C**, as enacted by PL 2013, c. 203, §1, is
3 repealed and the following enacted in its place:

4 C. For fiscal year 2015-16 and each subsequent fiscal year:

5 (1) The average of the certified state valuations for the 3 most recent years prior
6 to the most recently certified state valuation; or

7 (2) For a municipality with a most recently certified state valuation that was
8 certified by the State Tax Assessor in recognition that the municipality
9 experienced a net reduction in equalized municipal valuation attributable to a
10 single property taxpayer of at least 2% from the equalized municipal valuation
11 since the prior state valuation:

12 (a) For the first year, the most recently certified state valuation;

13 (b) For the 2nd year, the average of the certified state valuation for the year
14 prior to the most recently certified state valuation and the most recently
15 certified state valuation;

16 (c) For the 3rd year, the average of the certified state valuations for the 2
17 most recent years prior to the most recently certified state valuation and the
18 most recently certified state valuation; and

19 (d) For the 4th and each subsequent year, the same as in subparagraph (1).

20 **SUMMARY**

21 Current law defines a municipality's fiscal capacity for the purpose of calculating the
22 local share and state share of the cost of public kindergarten to grade 12 education as the
23 average state valuation for the municipality over a 3-year period prior to the most recently
24 certified state valuation. In order to avoid overstating the fiscal capacity of a municipality
25 that has experienced a significant loss in value of 2% or more attributable to a single
26 taxpayer, this bill resets the 3-year period to average state valuations for those
27 municipalities going forward, beginning with the first year the municipality's certified
28 state valuation reflects that significant loss in value.