

MAINE STATE LEGISLATURE

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128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 741

H.P. 521

House of Representatives, March 2, 2017

An Act To Provide Equity in Education Funding

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative STEARNS of Guilford.

Cosponsored by Representatives: FARRIN of Norridgewock, TUELL of East Machias.

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

2 **Sec. 1. 20-A MRSA §15689, sub-§1**, as amended by PL 2015, c. 389, Pt. C, §7,
3 is further amended to read:

4 **1. Minimum state allocation.** Each school administrative unit must be guaranteed a
5 minimum state share of its total allocation that is an amount equal to ~~the greater of the~~
6 ~~following:~~

7 A. The sum of the following calculations:

8 (1) Multiplying 5% of each school administrative unit's essential programs and
9 services per-pupil elementary rate by the average number of resident kindergarten
10 to grade 8 pupils as determined under section 15674, subsection 1, paragraph C,
11 subparagraph (1); and

12 (2) Multiplying 5% of each school administrative unit's essential programs and
13 services per-pupil secondary rate by the average number of resident grade 9 to
14 grade 12 pupils as determined under section 15674, subsection 1, paragraph C,
15 subparagraph (1).

16 The 5% factor in subparagraphs (1) and (2) must be replaced by: 4% for the 2009-10
17 funding year including funds provided under Title XIV of the State Fiscal
18 Stabilization Fund of the American Recovery and Reinvestment Act of 2009; 3% for
19 the 2010-11 funding year including funds provided under Title XIV of the State
20 Fiscal Stabilization Fund of the American Recovery and Reinvestment Act of 2009;
21 3% for the 2011-12 funding year; and 3% for the 2012-13 funding year and
22 subsequent years; ~~and~~

23 ~~B. The school administrative unit's special education costs as calculated pursuant to~~
24 ~~section 15681-A, subsection 2 multiplied by the following transition percentages:~~

25 ~~(1) In fiscal year 2005-06, 84%;~~

26 ~~(2) In fiscal year 2006-07, 84%;~~

27 ~~(3) In fiscal year 2007-08, 84%;~~

28 ~~(4) In fiscal year 2008-09, 45%;~~

29 ~~(5) In fiscal year 2009-10, 40% including funds provided under Title XIV of the~~
30 ~~State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act~~
31 ~~of 2009;~~

32 ~~(6) In fiscal year 2010-11, 35% including funds provided under Title XIV of the~~
33 ~~State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act~~
34 ~~of 2009;~~

35 ~~(7) In fiscal year 2011-12, 30%;~~

36 ~~(8) In fiscal year 2012-13, 30%;~~

37 ~~(9) In fiscal year 2013-14, 35%;~~

38 ~~(10) In fiscal year 2014-15, 30%;~~

- 1 ~~(11) In fiscal year 2015-16, 30%;~~
- 2 ~~(12) In fiscal year 2016-17, 30%;~~
- 3 ~~(13) In fiscal year 2017-18, 35%;~~
- 4 ~~(14) In fiscal year 2018-19, 40%;~~
- 5 ~~(15) In fiscal year 2019-20, 45%; and~~
- 6 ~~(16) In fiscal year 2020-21 and succeeding years, 50%.~~

7 These funds must be an adjustment to the school administrative unit's state and local
8 allocation after the state and local allocation has been adjusted for debt service pursuant
9 to subsection 2. Beginning July 1, 2007, these funds must be an adjustment to the school
10 administrative unit's state and local allocation in addition to the state and local allocation
11 that has been adjusted for debt service pursuant to subsection 2.

12 **Sec. 2. 20-A MRSA §15689, sub-§1-B**, as enacted by PL 2007, c. 668, §38, is
13 repealed.

14 **Sec. 3. 20-A MRSA §15689, sub-§11**, as amended by PL 2013, c. 1, Pt. C, §5, is
15 repealed.

16 **Sec. 4. 36 MRSA §1818** is enacted to read:

17 **§1818. Municipal local option sales tax for education funding**

18 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
19 following terms have the following meanings.

20 A. "Participating municipality" means a municipality that has imposed a local option
21 sales tax pursuant to this section.

22 B. "Sales tax base" means those items subject to sales taxation under this Part.

23 **2. Authorization to impose local option sales tax.** A municipality that is a member
24 of a school administrative unit receiving only the minimum state share for education
25 funding under Title 20-A, section 15689, subsection 1 may, by referendum conducted
26 pursuant to subsection 8, impose a local option sales tax of up to 1% on the sales tax base.

27 **3. Notify assessor.** A municipality that imposes a local option sales tax under
28 subsection 2 shall notify the assessor at least 90 days before the local option sales tax is
29 effective.

30 **4. Administration.** Retailers in a participating municipality shall transfer the
31 revenue from the local option sales tax at the time and in the manner provided in section
32 1951-A for the transfer of state sales tax revenue. The tax is subject to the same
33 enforcement provisions, interest, penalties and administrative actions as other taxes
34 assessed under this Part.

35 **5. Distribution of revenue.** Each month, the assessor shall determine the amount of
36 revenue attributable to each participating municipality under this section, subtract the
37 costs of administering this section and certify the net amount due each participating

1 municipality to the Treasurer of State. The Treasurer of State shall make monthly
2 payments to municipal treasurers of the net amounts certified by the assessor under this
3 subsection.

4 For purposes of this subsection, "costs of administering this section" means the lesser of
5 the actual cost to the assessor of administering this section and 2% of the total revenue
6 generated by municipalities that impose local option sales taxes.

7 **6. Use of revenue by participating municipality.** The revenue raised by the
8 imposition of a local option sales tax under this section must be held by the municipality
9 in a special revenue account established for that purpose and used for funding
10 kindergarten to grade 12 education and reducing property tax rates.

11 **7. Effect on revenue sharing and other state aid programs.** Revenue received by
12 the State pursuant to subsection 5 may not be considered to be receipts from the taxes
13 imposed under this Part for the purpose of transfers to the Local Government Fund under
14 Title 30-A, section 5681. Revenue received pursuant to subsection 5 may not be used to
15 reduce or eliminate any funding otherwise due the county or participating municipality
16 under any provision of law providing aid to the county or participating municipality,
17 including, but not limited to, aid for schools, roads, public assistance or jails.

18 **8. Referendum.** The question of whether to impose a local option sales tax under
19 this section must be submitted to the legal voters of a municipality that seeks to impose
20 the local option sales tax.

21 The petition process and voting must be held and conducted in accordance with Title
22 30-A, sections 2528, 2529 and 2532 even if the municipality has not accepted the
23 provisions of Title 30-A, section 2528. The voting at elections must be held and
24 conducted in accordance with Title 21-A. The municipal clerk shall prepare the required
25 ballots, which must contain substantially the following question:

26 "Do you favor a local option sales tax of up to 1% to be imposed by
27 [insert name of municipality] for the purpose of funding kindergarten to
28 grade 12 education and reducing the property tax rate?"

29 The voters shall indicate by a cross or check mark placed against the word "Yes" or "No"
30 their opinion of the same. The municipal clerk shall make a return of the results, certify
31 the results and send them to the Secretary of State. The Secretary of State shall forward
32 the results to the assessor.

33 The local option sales tax may be discontinued by referendum conducted in the same
34 manner as the referendum adopting the local option sales tax under this section.

35 **9. Effective date of local option sales tax; acceptance by voters.** The local option
36 sales tax authorized by this section takes effect 120 days after the municipal referendum
37 vote under subsection 8 if it is accepted by a majority of the legal voters voting at the
38 election and the total number of votes cast equals or exceeds 20% of the total number of
39 votes cast in that municipality in the most recent gubernatorial election.

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SUMMARY

This bill allows a municipality that is a member of a school administrative unit receiving the minimum state share for education funding to impose by referendum a local option sales tax of up to 1% to be used for funding kindergarten to grade 12 education and reducing the property tax rate. This bill also repeals a provision of the education funding laws calculating a minimum state share of costs based on a percentage of special education costs.