

# MAINE STATE LEGISLATURE

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**LAWS**  
**OF THE**  
**STATE OF MAINE**

**AS PASSED BY THE**

**ONE HUNDRED AND TWENTY-SECOND LEGISLATURE**

**FIRST REGULAR SESSION**  
**December 1, 2004 to March 30, 2005**

**FIRST SPECIAL SESSION**  
**April 4, 2005 to June 18, 2005**

**THE GENERAL EFFECTIVE DATE FOR**  
**FIRST REGULAR SESSION**  
**NON-EMERGENCY LAWS IS**  
**JUNE 29, 2005**

**THE GENERAL EFFECTIVE DATE FOR**  
**FIRST SPECIAL SESSION**  
**NON-EMERGENCY LAWS IS**  
**SEPTEMBER 17, 2005**

**PUBLISHED BY THE REVISOR OF STATUTES**  
**IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,**  
**TITLE 3, SECTION 163-A, SUBSECTION 4.**

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**Penmor Lithographers**  
**Lewiston, Maine**  
**2005**

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**INITIATED BILL OF THE STATE OF MAINE  
REFERRED TO THE VOTERS BY  
THE ONE HUNDRED AND TWENTY-FIRST LEGISLATURE  
AND APPROVED AT REFERENDUM**

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**CHAPTER 2**

**I.B. 3 – L.D. 1372**

**An Act To Enact the School Finance  
and Tax Reform Act of 2003**

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

**Sec. 1. 20-A MRSA c. 606-C** is enacted to  
read:

**CHAPTER 606-C**

**SCHOOL FINANCE ACT OF 2003**

**§15681. Short title**

This chapter may be known and cited as the  
"School Finance Act of 2003."

**§15682. Mandated legislative appropriations for  
kindergarten to grade 12 education**

Notwithstanding any other provision of law, the  
Legislature each year shall provide at least 55% of the  
cost of the total allocation for kindergarten to grade 12  
education from General Fund revenue sources.

For the purpose of this chapter, and until such  
time as the Legislature may implement an alternative  
school funding system, "total allocation" means the  
foundation allocation for a year, the debt service  
allocation for that year, the sum of all adjustments for  
that year and the total of the additional local approp-  
riations for the prior year. In the event the Legisla-  
ture implements an alternative school funding model  
that alters the meaning of the terms used in this Title  
or otherwise makes obsolete the system of allocations  
and local appropriations established by this Title, the  
term "total allocation" as it applies to the mandatory  
appropriation required by this section means the  
amount reasonably calculated as the equivalent of this  
definition.

**§15683. Mandated legislative appropriations for  
special education**

Notwithstanding any other provision of law, the  
Legislature shall provide 100% of the state and local  
cost of providing all special education services  
mandated under federal or state law, rule or regulation.

For the purposes of the mandatory appropriation  
required by this section, the commissioner shall  
identify and provide in the commissioner's recommen-  
dation pursuant to section 15605 the total costs to the  
individual school administrative units associated with  
providing all special education services mandated  
under federal or state law, rule or regulation for the  
school year concluding on the previous June 30th. In  
addition to any appropriations required by section  
15607, the Legislature shall appropriate and ensure the  
accurate distribution of the total amount identified by  
the commissioner, adjusted by the actual state and  
federal reimbursements for the costs of special  
education services mandated by federal or state law,  
rule or regulation and previously provided to the  
individual school administrative units for that same  
school year.

**§15684. Fund for the Efficient Delivery of  
Educational Services**

The Fund for the Efficient Delivery of Educa-  
tional Services, referred to in this section as "the  
fund," is established.

Two percent of the funds annually appropriated  
pursuant to this chapter must be dedicated to the fund  
and distributed from the fund to those school adminis-  
trative units and municipalities that can demonstrate  
significant and sustainable savings in the cost of  
delivering educational services through changes in  
governance, administrative structure or adopted policy  
that result in the creation of consolidated school  
administrative units, broad-based purchasing alliances,  
enhanced regional delivery of educational services or  
collaborative school-municipal service delivery or  
service support systems.

**§15685. Entitlement**

The State's school administrative units and mu-  
nicipalities are entitled to the appropriations required  
by this chapter.

**Sec. 2. 30-A MRSA §5681, sub-§3,** as  
amended by PL 1999, c. 731, Pt. U, §2, is further  
amended to read:

**3. Revenue-sharing funds.** To strengthen the  
state-municipal fiscal relationship pursuant to the  
findings and objectives of subsection 1, there is  
established the Local Government Fund. To provide  
additional support for municipalities experiencing a  
higher-than-average property tax burden, there is

established the Disproportionate Tax Burden Fund. To assist those municipalities that collaborate with other municipalities, counties or state agencies to obtain savings in the cost of delivering local and regional governmental services there is established the Fund for the Efficient Delivery of Local and Regional Services.

**Sec. 3. 30-A MRSAs §5681, sub-§5-B** is enacted to read:

**5-B. Fund for the Efficient Delivery of Local and Regional Services.** For the months beginning on or after July 1, 2004 and before the distributions required by subsections 4-A and 4-B, 2% of all receipts transferred each month pursuant to subsection 5 must be deposited in the Fund for the Efficient Delivery of Local and Regional Services, as established in subsection 3, and distributed to those municipalities that can demonstrate significant and sustainable savings in the cost of delivering local and regional governmental services through collaborative approaches to service delivery, enhanced regional delivery systems, the consolidation of administrative services, the creation of broad-based purchasing alliances or the execution of interlocal agreements.

**Sec. 4. Legislative duties.** In carrying out its duties under this Act, the Legislature and its joint standing committees shall act to provide substantial property tax relief statewide in a manner that is sustained over time, reduce unnecessary spending, provide tax reform, avoid adding to the overall tax burden of citizens of this State and coordinate those efforts among the school administrative units and local and regional governments.

**1. State tax revenue.** As soon as possible, but no later than March 1, 2004, the joint standing committee of the Legislature having jurisdiction over taxation matters shall report out revenue-neutral legislation designed in accordance with the intentions of this Act to generate the additional revenue necessary to provide adequate funding for public education from kindergarten to grade 12 pursuant to the Maine Revised Statutes, Title 20-A, chapter 606-C. The legislation may not defeat the intent of this Act by reducing, freezing, eliminating or otherwise restricting the state revenues, appropriations or reimbursements that historically have been provided to or shared with municipalities, including without limitation: state-municipal revenue sharing established in Title 30-A, chapter 223, subchapter 2; property tax homestead exemption reimbursement established in Title 36, chapter 105, subchapter 4-B; the County Jail Prisoner Support and Community Corrections Fund established in Title 34-A, section 1210-A; the tree growth tax reimbursement program established in Title 36, section 578; the general assistance reimbursement program established in Title 22, section 4311; and the

Rural Road Initiative and Urban Compact Initiative established in Title 23, section 1803-B.

**2. Fund for the Efficient Delivery of Educational Services.** As soon as possible, but no later than March 1, 2004, the joint standing committee of the Legislature having jurisdiction over education matters shall report out legislation designed in accordance with the intentions of this Act to govern the design, implementation, management and oversight of the Fund for the Efficient Delivery of Educational Services established in the Maine Revised Statutes, Title 20-A, section 15684.

**3. Fund for the Efficient Delivery of Local and Regional Services.** As soon as possible, but no later than March 1, 2004, the joint standing committee of the Legislature having jurisdiction over state and local government matters shall report out legislation designed in accordance with the intentions of this Act to govern the design, implementation, management and oversight of the Fund for the Efficient Delivery of Local and Regional Services established in the Maine Revised Statutes, Title 30-A, section 5681, subsection 3.

**4. Tax burden management.** As soon as possible, but no later than March 1, 2004, the joint standing committees of the Legislature having jurisdiction over taxation matters and appropriations and financial affairs shall jointly develop and report out legislation that consists of a comprehensive plan that integrates the efforts of state, county and local governments and schools to reduce unnecessary spending, identifies cost savings in the delivery of governmental services and otherwise addresses the issue of the overall tax burden in this State.

Effective July 31, 2004.

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