

# MAINE STATE LEGISLATURE

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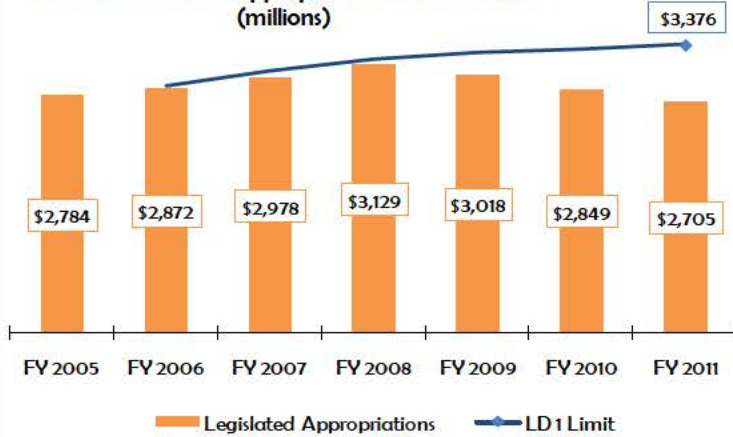
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## LD 1 PROGRESS REPORT 2010

In 2005, Maine passed "LD 1," a law that placed limits on the growth of government at all levels, increased targeted property tax relief through the Homestead Exemption and "Circuit Breaker" programs, and increased state spending on K-12 schools. Each year, the State Planning Office publishes a report on the progress made by state, county, and municipal governments, and K-12 schools, in reaching LD 1's tax burden reduction goal. This brochure highlights results from SPO's 2010 LD 1 Progress Report. The full report is available at <http://www.maine.gov/spo/economics> or by calling (207) 624-7660.

### How did the state perform?

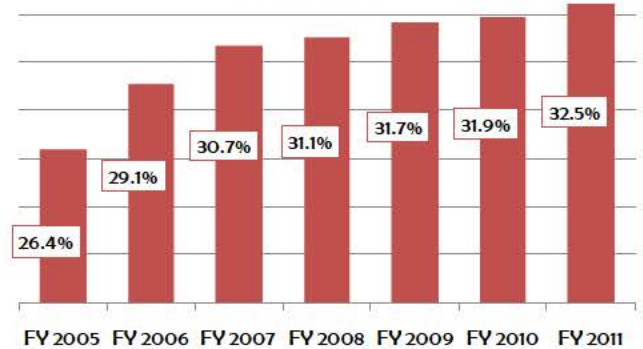
State General Fund Appropriations and LD 1 Limit (millions)



The State's General Fund appropriations have remained below the LD 1 limit in every year since LD 1 took effect. Total appropriations for the 2011 fiscal year were \$672 million (19.9%) below the limit.

LD 1 exempted increases in state funding for local schools. Since FY2005, GPA for K-12 schools has grown by \$143 million, or 20%. It accounts for nearly one-third of the State's total FY2010 General Fund appropriations.

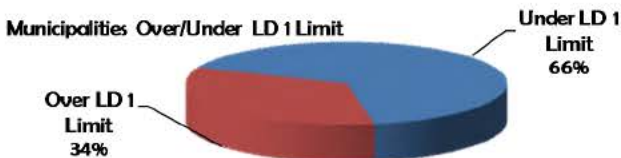
General Purpose Aid to Local Schools as Percentage of Total General Fund Appropriations



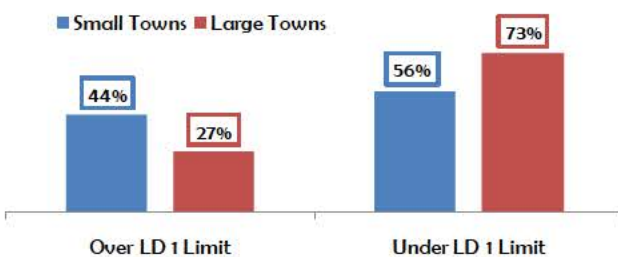
### How did municipalities perform? Whither property taxes?

For the sixth year in a row, municipalities held property taxes raised for municipal services below the LD 1 limit. In 2010 the aggregate property tax levy was 9.4% below the aggregate limit.

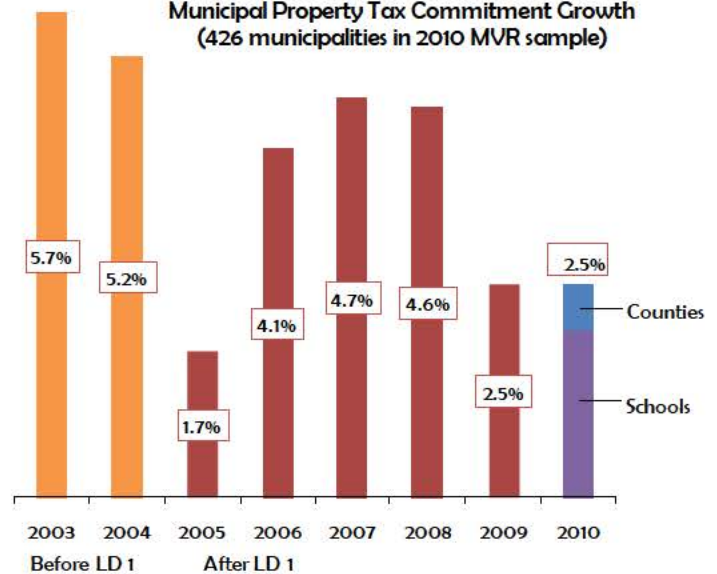
34% of municipalities surpassed their LD 1 limit.



Large municipalities and growing municipalities were less likely to surpass their LD 1 limit.



Municipal Property Tax Commitment Growth (426 municipalities in 2010 MVR sample)

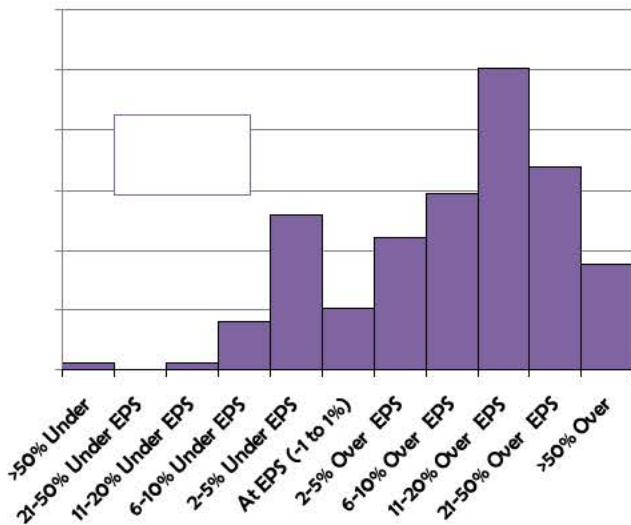


Total property taxes raised for the 2010 property tax year grew by 2.5%. Schools were responsible for most of the growth (79%), and counties accounted for the rest. Tax collections for municipal services and Tax Increment Financing (TIF) declined in 2010.

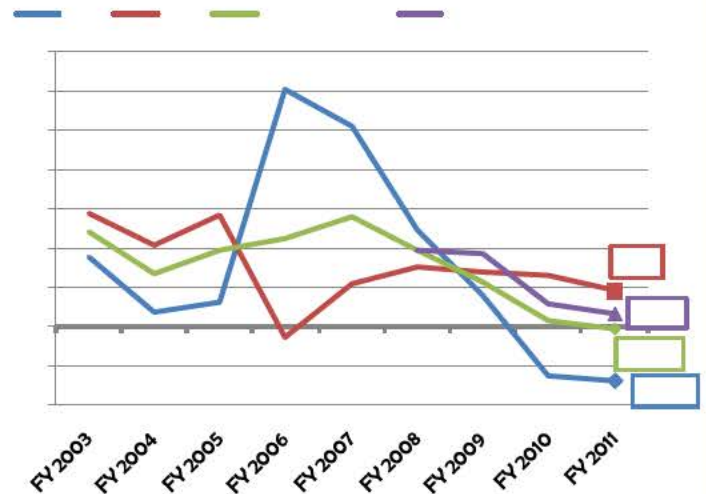


## How did K-12 schools perform?

In FY 2011 (the 2010-11 school year), 80% of schools exceeded 100% of EPS and 66% exceeded 105% of EPS. Compared to last year, the percentage of schools exceeding their limit decreased slightly and the relative amount they went over stayed about the same.



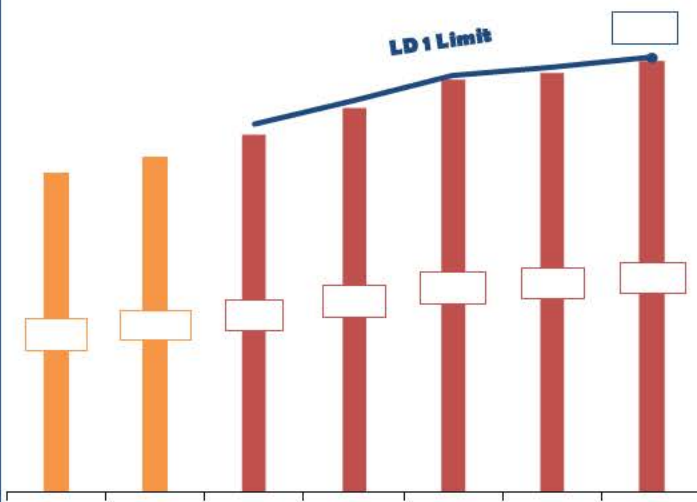
In FY 2011, slow growth in local appropriations combined with a second straight year of decreasing state appropriations left K-12 schools with an overall decline in non-federal appropriations. However, when federal funds are accounted for, total K-12 appropriations growth remained positive.



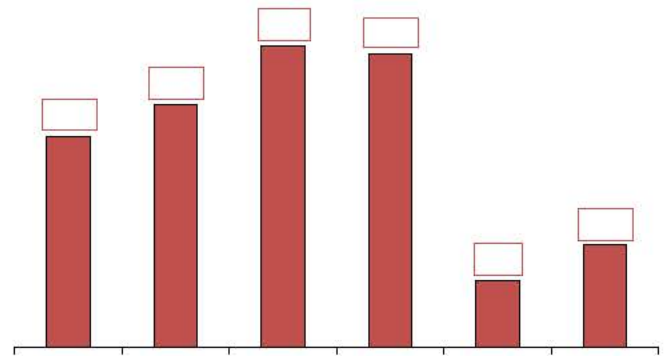
The LD 1 limit for schools is 100% of EPS, but some school units might be exceeding 100% of EPS by small margins in order to provide programs and some services not deemed essential in the EPS calculation, such as extracurricular activities, AP classes, unique onetime costs for facilities improvements, and even in some cases local tax dollar support for school lunch programs.

## How did counties perform?

For the fifth year in a row, statewide county assessments were below their combined limit. In 2010, they were 1% below their combined limit.



Total assessments grew by 2.6% from 2009, well below the 5.4% growth rate seen in 2005, before LD 1 became law.



Nine counties stayed within their 2010 LD 1 limits. Seven counties surpassed their LD 1 limit.

