

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals
(may include minor formatting differences from printed original)

*State Of Maine
120th Legislature*

Second Regular Session

Bill Summaries

*Joint Standing Committee
on
Education and Cultural Affairs*

May 2002

Staff:

*Phillip D. McCarthy, Legislative Analyst
Lisa Baldwin, Legislative Analyst*

*Office of Policy and Legal Analysis
13 State House Station
Augusta, ME 04333
(207) 287-1670*

Members:

*Sen. Betty Lou Mitchell, Chair
Sen. John M. Nutting
Sen. Margaret Rotundo*

*Rep. Shirley K. Richard, Chair
Rep. Mabel J. Desmond
Rep. James G. Skoglund
Rep. Elizabeth Watson
Rep. Stephen C. Estes
Rep. Glenn Cummings
Rep. Vaughn A. Stedman
Rep. Mary Black Andrews
Rep. Carol Weston
Rep. Mary Ellen Ledwin
Rep. Donald G. Soctomah*



Maine State Legislature
OFFICE OF POLICY AND LEGAL ANALYSIS

13 State House Station, Augusta, Maine 04333-0013
Telephone: (207) 287-1670
Fax: (207) 287-1275

120th Legislature
Second Regular Session

Summary Of Legislation Before The Joint Standing Committees
May 2002

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing select committees of the Maine Legislature this past session.

The document is organized for convenient reference to information on bills considered by the committees. It is arranged alphabetically by committee name and within committees by bill (LD) number.

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

- CON RES XXX..... Chapter # of Constitutional Resolution passed by both Houses
CONF CMTE UNABLE TO AGREE..... Committee of Conference unable to agree; bill died
DIED BETWEEN BODIES..... House & Senate disagree; bill died
DIED IN CONCURRENCE..... One body accepts ONTP report; the other indefinitely postpones the bill
DIED ON ADJOURNMENT..... Action incomplete when session ended; bill died
EMERGENCY..... Enacted law takes effect sooner than 90 days
FAILED EMERGENCY ENACTMENT/FINAL PASSAGE..... Emergency bill failed to get 2/3 vote
FAILED ENACTMENT/FINAL PASSAGE..... Bill failed to get majority vote
FAILED MANDATE ENACTMENT..... Bill imposing local mandate failed to get 2/3 vote
NOT PROPERLY BEFORE THE BODY..... Ruled out of order by the presiding officers; bill died
INDEF PP..... Bill Indefinitely Postponed
ONTP..... Ought Not To Pass report accepted
OTP ND..... Committee report Ought To Pass In New Draft
OTP ND/NT..... Committee report Ought To Pass In New Draft/New Title
P&S XXX..... Chapter # of enacted Private & Special Law
PASSED..... Joint Order passed in both bodies
PUBLIC XXX..... Chapter # of enacted Public Law
RESOLVE XXX..... Chapter # of finally passed Resolve
UNSIGNED..... Bill held by Governor
VETO SUSTAINED..... Legislature failed to override Governor's Veto

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is July 25, 2002.

Patrick T. Norton, Interim Director
Offices located in Room 215 of the Cross Office Building

Joint Standing Committee on Education and Cultural Affairs

LD 2086

**An Act to Implement the Recommendations of the Education
Funding Reform Committee**

**DIED BETWEEN
BODIES**

Sponsor(s)

Committee Report

Amendments Adopted

LD 2086 was referred to the Joint Standing Committee on Taxation. The bill was presented by the Education Funding Reform Committee pursuant to Public Law 2001, chapter 439, Part SSS as a proposal for reducing the State's reliance on the property tax for funding public education. This bill was accompanied by separate legislation to amend the Constitution of Maine to authorize aspects of the proposed changes please see LD 2087). A minority of the committee recommended legislative adoption of this proposal. A majority of the committee supported presenting the proposal for further consideration by the Legislature rather than as recommendations of the substantive changes contained in the committee's proposal. The bill provided that the Act must be submitted to the voters for approval, and, if approved, it would take effect only if the voters also approved the proposed constitutional amendment.

This bill proposed to accomplish the following:

1. Establish property tax maximum mill rates for local costs for public education from kindergarten to grade 12. Mill rates would be limited to 6 mills for primary residential property, commercial, agricultural and industrial property, and tracts of undeveloped property not enrolled in a current use taxation program and 12 mills for all other property. Municipalities would be able to raise additional amounts for public education through the property tax but only from primary residential property;
2. Repeal the homestead property tax exemption and require information regarding the impact of the changes to be included on property tax bills; and
3. Direct the joint standing committee of the 121st Legislature having jurisdiction over taxation matters to develop recommendations designed to generate the additional state revenue necessary to fund public education from kindergarten to grade 12. The committee would be directed to give special consideration to sales and use tax base expansions and to consider converting the State's sales and use tax to a gross receipts tax. The committee would also be directed to recommend an excise tax on personal property as partial replacement of property taxes on personal property and an education budget stabilization fund designed to ensure that adequate funds are available for education costs during periods when General Fund revenues do not keep pace with education costs.

Committee Amendment "A" (H-1068) proposed to replace the bill and to provide for a statutory referendum on establishing a cap on local property taxes of 12 mills on secondary residential property and 6 mills for all other property for the purpose of funding public education from kindergarten to grade 12. A municipality would be able to raise additional revenues for education but only from additional assessment on primary residential property. The amendment also proposed to establish an Education Funding Stabilization Fund, funded by a portion of year-end surplus revenues for the purpose of ensuring adequate state funding for education in years when General Fund revenues do not provide adequate revenue for education funding. The amendment proposed to require notification on local budget documents of the impact of school and municipal budgets on property tax mill rates and direct the joint standing committee of the Legislature having jurisdiction over taxation matters to report out legislation to the First Regular

Joint Standing Committee on Education and Cultural Affairs

Session of the 121st Legislature to extend the sales tax to services not currently taxed, to increase the sales tax on meals and lodging from 7% to 8% to provide adequate funding for education and to address the progressivity of the income tax. (Not adopted)

LD 2087 **Resolution, Proposing an Amendment to the Constitution of Maine to Allow the Legislature to Establishes Classes of Property for Purposes of Property Taxes to Fund** **DIED BETWEEN BODIES**

<u>Sponsor(s)</u>	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u>
-------------------	-----------------------------------	---------------------------

LD 2087 was referred to the Joint Standing Committee on Taxation. The bill was a constitutional resolution offered by the Education Funding Reform Committee pursuant to Public Law 2001, chapter 439, Part SSS as part of a proposal presented by the committee to reduce the State's reliance on the property tax for funding public education. This constitutional resolution was accompanied by separate legislation to implement the changes proposed in the resolution and to provide further details of the proposal developed by the committee for further consideration by the Legislature (please see LD 2086). A minority of the committee recommended adoption of the committee's proposal. A majority of the committee offered the proposal for further consideration by the Legislature rather than as recommendations of the substantive changes contained in the committee's proposal.

This constitutional resolution proposed to make two major changes in the constitutional requirements related to the property tax. The first change would permit the Legislature to establish classes of property and impose different maximum rates on the local property tax that could be imposed on each class of property for the purposes of funding local education costs. The second change would exempt personal property from taxation as long as certain personal property, as defined by the Legislature, is subject to an excise tax to be collected and retained by municipalities.

Committee Amendment "A" (H-1053) proposed to remove provisions from the original resolution proposing to exempt personal property from the property tax if an excise tax was established for that property and to clarify the language authorizing the Legislature to establish classes of property and to permit different tax rates for different classes of property for the purpose of funding public education from kindergarten to grade 12. (Not adopted)

LD 2102 **An Act to Implement the Recommendations of the Blue Ribbon Commission on Postsecondary Educational Attainment** **PUBLIC 658**

<u>Sponsor(s)</u>	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-460 S-578 GOLDTHWAIT
-------------------	-----------------------------------	--

LD 2102 was reported by the Blue Ribbon Commission on Postsecondary Educational Attainment pursuant to Resolve 2001, chapter 66, section 8. The bill proposed to establish the Maine Higher Educational Attainment Council to develop a long-term plan for increasing the level of educational