

MAINE STATE LEGISLATURE

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*State Of Maine
120th Legislature*

Second Regular Session

Bill Summaries

*Joint Standing Committee
on
Education and Cultural Affairs*

May 2002

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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 a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this session for the Legislature and each of its joint standing committees.

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. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla).

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:

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

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 2162

An Act to Supplement Maine's Academic Attainment and to Retain Talent

PUBLIC 700

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAXL	OTP-AM MAJ	H-1055
BENNETT	ONTP MIN	S-616

LD 2162 proposed to establish a tax credit for individuals or corporations that provide a contribution that promotes the postsecondary educational attainment of Maine residents or that promote the migration of college-educated persons to work in Maine. To accomplish this, the bill proposed to do the following:

1. Provide that contributions eligible for a tax credit include funds contributed by an individual or corporation to a qualified scholarship organization, which is a 501(c)(3) corporation and is certified by the Secretary of State, whose purpose is to provide 95% of the contribution it receives to award student financial assistance to Maine residents to attend institutions of higher education and to repay educational loans of persons who migrate to the State for employment purposes;
2. Provide that contributions eligible for a tax credit include funds contributed to provide for need-based scholarships and the repayment of postsecondary educational loans for eligible residents of the State, including displaced workers, who are or will be attending a public or private institution of higher education in the State;
3. Provide that contributions eligible for a tax credit include funds contributed to provide for the repayment of postsecondary education loans for residents of the State who, upon graduation from a public or private institution of higher education outside of the State, return to the State to be employed by a business or organization in the State or to be self-employed in the State or for any person who, upon graduation from an accredited public or private institution of higher education outside of the State, resides in the State and is employed by a business or organization in the State or resides in the State and is self-employed;
4. Provide that the tax credit is 10% of the amount contributed in tax year 2002 and 50% of the amount contributed in the years after 2002; and further provide that the credit may not reduce the contributor's Maine income tax to less than zero; and
5. Establish that, beginning January 1, 2003 and pursuant to legislation enacted during the Second Regular Session of the 120th Legislature to implement the recommendations of the Blue Ribbon Commission on Postsecondary Educational Attainment, the advisory council established to address policies related to higher education attainment in the State shall review the policy alternatives available to the Legislature in creating an endowment fund for the benefit of eligible residents of the State to meet the high cost of attending an institution of higher education. The advisory council shall submit a report, including any suggested legislation, by December 1, 2003. Following receipt and review of the report, the joint standing committee of the Legislature having jurisdiction over education matters may report out a bill to the Second Regular Session of the 121st Legislature.

Joint Standing Committee on Education and Cultural Affairs

Committee Amendment “A” (H-1055), which was the majority report of the Joint Standing Committee on Education and Cultural Affairs and the Joint Standing Committee on Taxation, proposed to strike and replace the bill to clarify the tax credits established for individuals or corporations that provide a contribution that promotes the postsecondary educational attainment of Maine residents or that promotes the recruitment and retention of college-educated persons to work in Maine. To accomplish these purposes, the amendment proposed to do the following:

1. Provide tax credits against the income tax and the insurance premium tax equal to a certain proportion, 10% during taxable years beginning in 2003, 20% for taxable years beginning in 2004 and 50% for taxable years beginning after 2004, of the amount contributed by an individual or corporation to a qualified scholarship organization that is a private, nonprofit 501(c)(3) corporation that provides need-based scholarships and is either affiliated with an accredited public or private institution of higher education in the State or that has filed as a nonprofit corporation with the Secretary of State on or before April 1, 2002 and remains in good standing;
2. Provide recruitment tax credits against the income tax and the insurance premium tax equal to a certain proportion, 10% during taxable years beginning in 2003 or 15% for taxable years beginning after 2003, of the amount paid by an employer to a creditor on behalf of certain employees for the purpose of repaying the employee's outstanding postsecondary education loans;
3. Provide that the total tax credit may not exceed \$2,000 for an individual taxpayer or \$10,000 for each taxpayer who is a corporation or an employing unit. It also proposed that the contribution may not directly benefit the taxpayer claiming the credit or those directly related to a taxpayer that is claiming the credit. It further proposed that the tax credits may not reduce the contributor's Maine income tax to less than zero but may be carried over for 5 taxable years;
4. Require annual reporting of the costs and effectiveness of the tax credit programs by the Finance Authority of Maine, in conjunction with the Department of Administrative and Financial Services, Maine Revenue Services, to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs and the joint standing committee of the Legislature having jurisdiction over taxation matters;
5. Authorize the Finance Authority of Maine to establish routine technical rules for the application, eligibility and annual filing requirements necessary to implement the certification of qualified scholarship organizations, including any rules necessary to establish fees and penalties to ensure that a qualified scholarship organization is fulfilling its purpose in accordance with this tax program. The amendment proposed that the authority be required to submit a report to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs and the joint standing committee of the Legislature having jurisdiction over taxation matters by January 30, 2003 on the rule-making process and rules established to implement the tax credits;
6. Establish that, beginning January 1, 2003 and pursuant to legislation that may be enacted during the Second Regular Session of the 120th Legislature to implement the recommendations of the Blue Ribbon Commission on Postsecondary Educational Attainment, the advisory council established to address policies related to higher education attainment in the State review the policy alternatives available to the Legislature in creating an endowment fund for the benefit of eligible residents of the State to meet the high cost of attending an institution of higher education. The amendment proposed that the advisory council submit a report, including any suggested legislation, by December 1, 2003.

Joint Standing Committee on Education and Cultural Affairs

Following receipt and review of the report, the joint standing committee of the Legislature having jurisdiction over education and cultural affairs may report out a bill to the Second Regular Session of the 121st Legislature; and

7. Add a fiscal note to the bill.

Committee of Conference Amendment “A” to Committee Amendment “A” (S-616), which was the unanimous report of the Committee of Conference, proposed to retain the provisions of Committee Amendment “A” with the following changes:

1. Change modifications to federal income in connection with the educational investment tax credit and the recruitment credit;
2. Place a contingent effective date on the initial tax credit scheduled to take effect for the 2003 tax year. The tax credit of 10% would take effect only if there are sufficient funds in the General Fund unappropriated surplus at the close of fiscal year 2001-02 to cover the cost of the tax credit, estimated to be \$271,294. The tax credit for tax years after 2003 would be unaffected by the contingency; and
3. Add a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 700 establishes a tax credit for individuals or corporations that provide a contribution that promotes the postsecondary educational attainment of Maine residents or that promotes the recruitment and retention of college-educated persons to work in Maine. To accomplish these purposes, the law enacts the following provisions:

1. It provides tax credits against the income tax and the insurance premium tax equal to a certain proportion, 10% during taxable years beginning in 2003, 20% for taxable years beginning in 2004 and 50% for taxable years beginning after 2004, of the amount contributed by an individual or corporation to a qualified scholarship organization that is a private, nonprofit 501(c)(3) corporation that provides need-based scholarships and is either affiliated with an accredited public or private institution of higher education in the State or that has filed as a nonprofit corporation with the Secretary of State on or before April 1, 2002 and remains in good standing;
2. It provides recruitment tax credits against the income tax and the insurance premium tax equal to a certain proportion, 10% during taxable years beginning in 2003 or 15% for taxable years beginning after 2003, of the amount paid by an employer to a creditor on behalf of certain employees for the purpose of repaying the employee's outstanding postsecondary education loans;
3. It provides that the total tax credit may not exceed \$2,000 for an individual taxpayer or \$10,000 for each taxpayer who is a corporation or an employing unit. It also provides that the contribution may not directly benefit the taxpayer claiming the credit or those directly related to a taxpayer that is claiming the credit. It further provides that the tax credits may not reduce the contributor's Maine income tax to less than zero but may be carried over for 5 taxable years;

Joint Standing Committee on Education and Cultural Affairs

4. It requires annual reporting of the costs and effectiveness of the tax credit programs by the Finance Authority of Maine, in conjunction with the Department of Administrative and Financial Services, Maine Revenue Services, to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs and the joint standing committee of the Legislature having jurisdiction over taxation matters;
5. It authorizes the Finance Authority of Maine to establish routine technical rules for the application, eligibility and annual filing requirements necessary to implement the certification of qualified scholarship organizations, including any rules necessary to establish fees and penalties to ensure that a qualified scholarship organization is fulfilling its purpose in accordance with this tax program. The authority is also required to submit a report to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs and the joint standing committee of the Legislature having jurisdiction over taxation matters by January 30, 2003 on the rule-making process and rules established to implement the tax credits;
6. It places a contingent effective date on the initial tax credit scheduled to take effect for the 2003 tax year. The tax credit of 10% would only take effect if there are sufficient funds in the General Fund unappropriated surplus at the close of fiscal year 2001-02 to cover the cost of the tax credit, estimated to be \$271,294. The tax credit for tax years after 2003 is unaffected by the contingency; and
7. It establishes that, beginning January 1, 2003 and pursuant to legislation that may be enacted during the Second Regular Session of the 120th Legislature to implement the recommendations of the Blue Ribbon Commission on Postsecondary Educational Attainment, the advisory council established to address policies related to higher education attainment in the State shall review the policy alternatives available to the Legislature in creating an endowment fund for the benefit of eligible residents of the State to meet the high cost of attending an institution of higher education. The advisory council shall submit a report, including any suggested legislation, by December 1, 2003. Following receipt and review of the report, the joint standing committee of the Legislature having jurisdiction over education and cultural affairs may report out a bill to the Second Regular Session of the 121st Legislature.

LD 2188

An Act Regarding the Withdrawal of Lake View Plantation from School Administrative District No. 41

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DAVIS P	ONTP	

LD 2188 proposed to change the way the costs of School Administrative District No. 41 are apportioned among the municipalities in that district, beginning June 30, 2003. The bill proposed to require the municipality of Lake View Plantation to pay the full municipal share of the cost of the education of an exceptional student who is a resident of Lake View Plantation beginning June 30, 2002. The bill also proposed to provide that if Lake View Plantation withdraws from School Administrative District No. 41 on or after June 30, 2002, Lake View Plantation would be responsible for its share of the debt of the district.

At the end of the session, the Education Committee, by letter, requested that the Commissioner of Education would address the withdrawal petition submitted by Lake View Plantation as a high priority and that the department would remain actively engaged in the review of this withdrawal petition so that a final