

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
121st Legislature*

*Second Regular Session
and Second Special Session*

Bill Summaries

*Joint Standing Committee
on
Taxation*

May 2004

Staff:

Julie S. Jones, Legislative Analyst

*Office of Fiscal and Program Review
5 State House Station
Augusta, ME 04333-0005
(207) 287-1635*

Members:

*Sen. Stephen S. Stanley, Chair
Sen. Ethan Strimling
Sen. Richard A. Nass*

*Rep. David G. Lemoine, Chair
Rep. Joseph C. Perry
Rep. Bernard E. McGowan
Rep. Deborah L. Simpson*

*Rep. Arthur Lerman
Rep. Edward J. Suslovic
Rep. Harold A. Clough
Rep. Jonathan T. E. Courtney
Rep. Earle L. McCormick
Rep. Joshua A. Tardy*

Maine State Legislature



*Office Of Policy And Legal Analysis
Office Of Fiscal And Program Review*

*121st Maine Legislature
Second Regular Session and
Second Special Session*

Summary Of Legislation Before The Joint Standing Committees

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing and joint 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/billsumm.htm).

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*
- 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 that the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is April 30, 2004; and non-emergency legislation enacted in the Second Special Session is July 30, 2004. Four bills (LD's 1572, 1629, 1636 and 1637) that were considered at the First Special Session in August 2003 are also included in these summaries.

David C. Elliott, Director
Offices located in Room 215 of the Cross Office Building

Joint Standing Committee on Taxation

LD 1923 was removed from Committee by the presiding officers without a Committee report near the end of the Second Special Session.

LD 1924

An Act To Reduce the Cost of Local Government through Increased State Education Funding and Provide Property Tax Relief

PUBLIC 712

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DOUGLASS CUMMINGS	OTP-AM	S-545 S-550 BRENNAN

LD 1924, a Governor's bill, was referred jointly to the Joint Standing Committees on Education and Taxation. The bill proposed to provide that by fiscal year 2009-10 the state share of kindergarten to grade 12 education funding, as described by essential programs and services, must be 55%. It also proposed to establish a local cost share expectation for property tax years beginning on or after April 1, 2005. The maximum local cost share expectation would decline over the period from fiscal year 2005-06 to fiscal year 2009-10. The expectation would not exceed 9.0 mills in fiscal year 2005-06. It could not exceed 8.0 mills in fiscal year 2009-10. Beginning in fiscal year 2009-2010 the legislative body of a school administrative unit could not adopt a property tax rate that exceeded its mill expectation unless, in a vote separate from its adoption of the school budget, it voted to increase the property tax rate.

The bill also proposed to place transportation operating costs into the essential programs and services funding formula. It also stated that special education costs would be included in essential programs and services starting in fiscal year 2005-06. Beginning in fiscal year 2004-05, the Department of Education would provide training in state-approved guidelines for identification of special education students. The bill also placed early childhood education program costs and vocational education program costs into essential programs and services no later than fiscal year 2007-08.

Committee Amendment "A" (S-545) proposed to replace the bill and make the following changes.

1. It proposed to amend the existing state share percentage targets for fiscal year 2005-06 through fiscal year 2009-10 to provide for the so-called "ramp" necessary to achieve the 55% state share of school funding based on the essential programs and services funding model.
2. It proposed to provide for the establishment of the Municipal Budget Analysis Committee for the purpose of providing the Governor and the Legislature with an analysis of the effectiveness of increased state support for education services in reducing the local property tax commitment required to fund the cost of the essential programs and services over the 2005-06 to 2009-10 period. The committee would consider in its analysis certain benchmarks for the increased state share of school funding and performance indicators for the related reduction in local property tax commitments for each fiscal year; and the Department of Education would develop information for the committee on each municipality and the statewide aggregate to determine whether the increased level of state funding resulted in a reduction of the related local property tax commitment required to fund the costs of essential programs and services in the prior fiscal year.
3. It proposed to delay the requirements for school administrative units and certain private high schools to implement standards in the content areas of mathematics, English language arts, health and physical education, science and technology and social studies, including the requirement that high school graduation be determined by student achievement of the standards for these content areas, by one year to

Joint Standing Committee on Taxation

the 2007-2008 school year. It also proposed to delay the requirements that school administrative units implement standards in the content areas of career preparation, foreign languages and visual and performing arts by one year to the 2007-2008 school year.

4. It proposed to delete the section of the bill that proposes to place transportation operating costs into the essential programs and services funding model and instead incorporates an unallocated section that provides that transportation operating costs must be placed in the essential programs and services funding model beginning in fiscal year 2005-06 and must include adjustments to the proposed calculation of these operating costs to reflect the transportation of special education students and vocational education students and other factors that respond to unique costs in some school administrative units. This section also proposed to provide that the proposed appeals process might also include analyses of other factors beyond cost efficiency and a cost comparison with comparable units.
5. It proposed to provide a technical amendment to the definition of "local cost share expectation" to clarify that this expectation is directly related to the school administrative unit's contribution to the "total cost of education" as determined by the Commissioner of Education.
6. It proposed to provide a technical amendment to clarify that the calculation of the full-value education mill rate is derived from an annual local share percentage beginning in fiscal year 2005-06 and concluding in fiscal year 2009-10.
7. It proposed to clarify that a school administrative unit's legislative body might exceed the local cost share expectation beginning in fiscal year 2005-06 rather than in fiscal year 2009-10 as proposed in the bill.
8. It proposed to establish an exception for the member municipalities of school administrative districts and community school districts whose district cost sharing formulas were established by private and special law and further directs the Department of Education to study the implications of the proposed "total cost of education" mechanism on member municipalities of districts whose district cost sharing formulas were created by private and special law.
9. It proposed to establish January 1, 2005 as the implementation date for the use of state-approved guidelines in the identification of children requiring special education services and provides that the Department of Education will provide training to school administrative units in the application of these guidelines beginning in fiscal year 2004-05.

Senate Amendment "A" To Committee Amendment "A" (S-550) proposed to replace the provision of the committee amendment that established specific performance indicators for the related reduction in local property tax commitments for the fiscal year 2005-06 to 2009-10 period with projected performance indicators that are based on a reduction in the local property tax commitment to fund the cost of essential programs and services that is less than the local property tax commitment made in the prior fiscal year.

The amendment also proposed to add a new provision regarding the annual report required from the Municipal Budget Analysis Committee by requiring that the annual report also include recommendations, including any recommended changes in the law, related to the level of state funding, the related local property tax commitment required to fund the costs of kindergarten to grade 12 public education, municipal services and the local share of the county budget and the benchmarks and projected performance indicators established for the fiscal year 2005-06 to 2009-10 period.

Joint Standing Committee on Taxation

Enacted Law Summary

Public Law 2003, chapter 712 amends the school funding laws to refine the essential programs and services funding approach in preparation for its implementation beginning in fiscal year 2005-06. Specifically, the law accomplishes the following:

1. It provides that by fiscal year 2009-10 the state share of kindergarten to grade 12 education funding, as described by essential programs and services, must be 55%; and it amends the existing state share percentage targets for fiscal year 2005-06 through fiscal year 2009-10 to provide for the so-called “ramp” necessary to achieve the 55% state share of school funding.
2. It establishes a formula for determination of the maximum local cost share expectation and requires the Commissioner of Education to notify each school administrative unit annually of its local cost share expectation for property tax years beginning on or after April 1, 2005. It also proposed to require that this expectation must decline from 9.0 mills for fiscal year 2005-06 to 8.0 mills for fiscal year 2009-10.
3. It provides that, beginning in fiscal year 2005-06, the legislative body of a school administrative unit may adopt a property tax rate that exceeds its local cost share expectation in a vote separate from the vote taken to adopt the school budget.
4. It requires that local cost sharing among member municipalities of a school administrative district or community school district be based on pupil count unless a different cost sharing formula has been established by private and special law prior to January 1, 2004.
5. It requires that the transportation operating costs component must be placed in the essential programs and services funding model beginning in fiscal year 2005-06 and must include adjustments to the calculation of these operating costs that reflect the transportation of special education students, vocational education students, and other factors that respond to unique cost drivers in some school administrative units. It also provides that, beginning in fiscal year 2005-06, an appeals process must be implemented; and further provides that this appeals process may include analyses of other factors beyond cost efficiency and a cost comparison with comparable units.
6. It requires that special education costs will be included in essential programs and services starting in fiscal year 2005-06; it establishes January 1, 2005 as the implementation date for the utilization of state-approved guidelines in the identification of children requiring special education services; and it provides that the Department of Education will provide training to school administrative units in the application of these guidelines beginning in fiscal year 2004-05.
7. It places early childhood education program costs and vocational education program costs into essential programs and services no later than fiscal year 2007-08.
8. It establishes benchmarks and performance indicators for analysis of state and local cost share performance and the impact of the law on local property taxes. It provides for the establishment of the Municipal Budget Analysis Committee for the purpose of providing the Governor and the Legislature with an annual report that analyzes the effectiveness of increased state support for education in reducing the local property tax commitment required to fund the cost of the essential programs and services over the 2005-06 to 2009-10 period.

Joint Standing Committee on Taxation

9. It provides for the delay, by one year to the 2007-2008 school year, of the requirements for school administrative units and certain private high schools to implement standards in the content areas of mathematics, English language arts, health and physical education, science and technology and social studies, including the requirement that high school graduation be determined by student achievement of the standards for these content areas. It also provides for the further delay, by one year to the 2007-2008 school year, of the requirements that school administrative units implement standards in the content areas of career preparation, foreign languages and visual and performing arts.

LD 1927

An Act To Modify Taxation of Benefits under Employee Retirement Plans, Including Retirement Plans for Teachers

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GAGNON SIMPSON	OTP-AM MAJ ONTP MIN	S-481

LD 1927 proposed to increase the income tax deduction for pensions to \$8,000 beginning January 1, 2005 and by \$1,000 each subsequent year until the amount of the deduction is \$17,000 in 2014. In 2015 the deduction would increase to \$20,000. Beginning with tax years beginning January 1, 2016, the amount of the deduction would be equal to the amount of the maximum federal social security benefits reduced by any social security benefits and railroad retirement benefits actually received by the taxpayer.

Committee Amendment “A” (S-481) proposed to incorporate a fiscal note.

The bill was indefinitely postponed when removed from the Special Appropriations Table.