

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Require the State's Share of Local Aid to Education To Be Used for Property Tax Relief

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

Sec. 1. 20-A MRSA §15671-A, sub-§5, ¶A, as enacted by PL 2005, c. 2, Pt. D, §35 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is amended to read:

A. The article approving the additional amount must conform to the requirements of section 15690, subsection 3, paragraph B. Notwithstanding section 1304, subsection 6; section 1701, subsection 7; Title 30-A, section 2528, subsection 5, or any other provision of law, municipal charter provision or ordinance, voter approval of the article, whether in town meeting, district meeting or other voting process established by law, municipal charter or ordinance, including, but not limited to, any vote on the article initiated by voter petition, must be by referendum or written ballot initiated by a petition requesting a vote on the additional amount signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality. The election must be held within 45 days of the submission of the petition. The election must be called, advertised and conducted according to the law relating to municipal elections, except that the registrar of voters is not required to prepare or the clerk to post a new list of voters and absentee ballots must be prepared and made available at least 14 days prior to the date of the referendum. For the purpose of registration of voters, the registrar of voters must be in session the secular day preceding the election. The voters shall indicate by a cross or check mark placed against the word "Yes" or "No" their opinion on the article. The results must be declared by the municipal officers and entered upon the municipal records.

Sec. 2. 20-A MRSA §15671-A, sub-§5, ¶B, as amended by PL 2005, c. 12, Pt. WW, §3 and affected by §18, is repealed.

Sec. 3. 36 MRSA §507, first ¶, as amended by PL 1997, c. 643, Pt. HHH, §2 and affected by §10, is further amended to read:

When a municipality issues a property tax bill to each taxpayer, each bill must contain a statement or calculation that demonstrates the amount or percentage by which the taxpayer's tax has been reduced by the distribution of state-municipal revenue sharing, state reimbursement for the Maine resident homestead property tax exemption and state aid for education and that specifically identifies the amount of any mill rate reduction calculated under section 508 attributable to increased state education funding. The property tax bill must contain a statement of the assessed value of a homestead, before and after the calculation of a Maine resident homestead property tax exemption, and the amount of the exemption applied to the homestead. The State Tax Assessor shall annually provide each municipality with the amount of state-municipal revenue sharing and state aid for education subject to identification under this section.

Sec. 4. 36 MRSA §508 is enacted to read:

§ 508. Mill rate reduction due to increased state aid to education

Municipal property taxes must be reduced by 90% of the amount of additional state funding made available according to the following procedures.

1. State notice. Beginning in fiscal year 2007-08, the Commissioner of Education shall notify each school administrative unit by April 15th annually of any projected increase in state education funding to the unit for the next fiscal year over the current year as a result of the increase in the state share of the cost of essential programs and services under Title 20-A, chapter 606-B.

2. School administrative unit notice. By May 1st annually each school administrative unit shall notify each municipality within the jurisdiction of the school administrative unit of the municipality's share of the cost of education calculated:

A. With any additional funding identified under subsection 1; and

B. As it would be calculated without additional funding identified under subsection 1.

3. Municipal reduction. Each municipality shall establish a separate fund dedicated to reducing the property tax containing the amounts determined by subtracting the amount determined under subsection 2, paragraph B from the amount determined under subsection 2, paragraph A. When calculating the municipal mill rate for the next fiscal year for which local property taxes are calculated, the municipality shall reduce its commitment for property taxes by the amount available in the fund.

SUMMARY

This bill proposes that, beginning with fiscal year 2007-08, 90% of the growth in the State's share of local aid to education must be used to reduce the municipal property tax. The bill also provides that spending limits for local school administrative units may only be exceeded by a voter referendum called by petition of at least 10% of the number of voters at the last election for Governor.