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Legislative Document

No. 1918

H.P. 1366

House of Representatives, January 6, 2020

An Act To Amend the Laws Regarding the Reserve Funds of Certain School Organizational Structures

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Clerk of the House on January 2, 2020. Referred to the Committee on Education and Cultural Affairs pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative CLOUTIER of Lewiston.
Cosponsored by Senator LIBBY of Androscoggin and
Representatives: CRAVEN of Lewiston, DODGE of Belfast, FECTION of Biddeford,
HANDY of Lewiston, HUBBELL of Bar Harbor, TEPLER of Topsham.

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

2 **Sec. 1. 20-A MRSA §1312, sub-§1**, as amended by PL 1989, c. 132, §2, is
3 further amended to read:

4 **1. Establishment.** A school administrative district may establish a reserve fund for
5 ~~school construction projects, financing the acquisition or reconstruction of a specific or~~
6 ~~type of capital improvement or financing the acquisition of a specific item or type of~~
7 ~~capital equipment~~ any direct instruction or instructional support purpose by including a
8 request in the district budget, which must include a description of the purpose of the
9 reserve fund, and receiving voter approval. The board of directors ~~shall be~~ is the trustee
10 of the reserve fund. The reserve fund ~~shall~~ must be deposited or invested by the treasurer
11 under the direction of the board.

12 **Sec. 2. 20-A MRSA §1312, sub-§3**, as enacted by PL 1981, c. 693, §§5 and 8, is
13 amended to read:

14 **3. Expending moneys money from reserve funds.** The board of directors may
15 expend the sum in the reserve fund when authorized to do so by a vote of the district at a
16 district meeting or a district budget meeting, when an article for that purpose is set out in
17 the warrant calling the meeting, except that the board of directors may expend funds
18 from a reserve fund by a vote of the board:

19 A. In the event of an emergency that requires the immediate expenditure of funds
20 and when, in responding to the emergency, returning to the voters for permission is
21 cost-prohibitive; or

22 B. When such an expenditure is required by law.

23 The vote to expend funds from the reserve fund pursuant to paragraph A or B must be
24 recorded in the meeting minutes of the board of directors.

25 **Sec. 3. 20-A MRSA §1491, sub-§1**, as enacted by PL 2007, c. 240, Pt. XXXX,
26 §13, is amended to read:

27 **1. Establishment.** A regional school unit may establish a reserve fund for ~~school~~
28 ~~construction projects, financing the acquisition or reconstruction of a specific or type of~~
29 ~~capital improvement or financing the acquisition of a specific item or type of capital~~
30 ~~equipment~~ any direct instruction or instructional support purpose by including a request
31 in the regional school unit budget, which must include a description of the purpose of the
32 reserve fund, and receiving voter approval. The regional school unit board is the trustee
33 of the reserve fund. The reserve fund must be deposited or invested by the treasurer of the
34 regional school unit under the direction of the regional school unit board.

35 **Sec. 4. 20-A MRSA §1491, sub-§3**, as enacted by PL 2007, c. 240, Pt. XXXX,
36 §13, is amended to read:

37 **3. Expending money from reserve funds.** The regional school unit board may
38 expend the sum in the reserve fund when authorized to do so by a vote of the regional
39 school unit at a regional school unit meeting or a regional school unit budget meeting

1 when an article for that purpose is set out in the warrant calling the meeting-, except that
2 the regional school unit board may expend funds from a reserve fund by a vote of the
3 board:

4 A. In the event of an emergency that requires the immediate expenditure of funds
5 and when, in responding to the emergency, returning to the voters for permission is
6 cost-prohibitive; or

7 B. When such an expenditure is required by law.

8 The vote to expend funds from the reserve fund pursuant to paragraph A or B must be
9 recorded in the meeting minutes of the regional school unit board.

10 **Sec. 5. 20-A MRSA §1706, sub-§1**, as enacted by PL 1989, c. 132, §3, is
11 amended to read:

12 **1. Establishment.** A community school district may establish a reserve fund for
13 ~~school construction projects, financing the acquisition or reconstruction of a specific or~~
14 ~~type of capital improvement or financing the acquisition of a specific item or type of~~
15 ~~capital equipment~~ any direct instruction or instructional support purpose by including a
16 request in the district budget, which must include a description of the purpose of the
17 reserve fund, and receiving voter approval.

18 The district school committee ~~shall be~~ is the trustee of the reserve fund. The reserve fund
19 ~~shall~~ must be deposited or invested by the treasurer under the direction of the school
20 committee.

21 **Sec. 6. 20-A MRSA §1706, sub-§3**, as enacted by PL 1989, c. 132, §3, is
22 amended to read:

23 **3. Expending money from reserve funds.** The district school committee may
24 expend the sum in the reserve fund when authorized to do so by a vote of the district at a
25 district meeting or a district budget meeting, when an article for that purpose is set out in
26 the warrant calling the meeting-, except that the district school committee may expend
27 funds from a reserve fund by a vote of the committee:

28 A. In the event of an emergency that requires the immediate expenditure of funds
29 and when, in responding to the emergency, returning to the voters for permission is
30 cost-prohibitive; or

31 B. When the expenditure is required by law.

32 The vote to expend funds from the reserve fund pursuant to paragraph A or B must be
33 recorded in the meeting minutes of the district school committee.

34 **Sec. 7. 20-A MRSA §8468, sub-§1**, as corrected by RR 1991, c. 2, §64 and
35 amended by PL 2003, c. 545, §5, is further amended to read:

36 **1. Establishment.** A career and technical education region may establish a reserve
37 fund for ~~a school construction project, the acquisition or reconstruction of a specific item~~
38 ~~or type of capital improvement or the acquisition of a specific item or type of capital~~
39 ~~equipment~~ any direct instruction or instructional support purpose by ~~establishing such a~~

1 reserve fund including a request in the region budget, which must include a description of
2 the purpose of the reserve fund, pursuant to this chapter. The cooperative board is the
3 trustee of such a reserve fund.

4 **Sec. 8. 20-A MRSA §8468, sub-§3,** as amended by PL 1991, c. 518, §32, is
5 further amended to read:

6 **3. Expending money from a reserve fund.** The cooperative board may expend a
7 sum in a reserve fund if permitted by the conditions of any indebtedness secured by the
8 reserve fund and if approved in the region budget. A separate article for that purpose
9 must be included in the region budget proposal. The cooperative board may expend
10 funds from a reserve fund by a vote of the board without the expenditure's having to be
11 included in the region budget or region budget proposal:

12 A. In the event of an emergency that requires the immediate expenditure of funds
13 and when, in responding to the emergency, returning to the voters for permission is
14 cost-prohibitive; or

15 B. When the expenditure is required by law.

16 The vote to expend funds from the reserve fund pursuant to paragraph A or B must be
17 recorded in the meeting minutes of the cooperative board.

18 SUMMARY

19 This bill allows boards of school administrative districts, regional school units,
20 community school districts and career and technical education regions to expend reserve
21 funds by a vote of the board for emergencies necessitating immediate expenditures when
22 obtaining voter permission would be cost-prohibitive or when the expenditures are
23 required by law.

24 It also changes what a reserve fund may be established for, from funding school
25 construction projects, financing the acquisition or reconstruction of a specific type of
26 capital improvement or financing the acquisition of a specific item or type of capital
27 equipment, to providing funds for any direct instruction or instructional support purpose.