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H.P. 294

House of Representatives, January 24, 2019

**An Act To Base School Funding on the Number of Students Sent by
a Town to a Regional School Unit**

Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

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

ROBERT B. HUNT
Clerk

Presented by Representative ACKLEY of Monmouth. (BY REQUEST)

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

2 **Sec. 1. 20-A MRSA §15671-A, sub-§2**, as amended by PL 2017, c. 446, §1, is
3 further amended to read:

4 **2. Local cost share expectation.** ~~This~~ Except as provided in subsection 2-A, this
5 subsection establishes full-value education mill rates that limit a municipality's required
6 local contribution pursuant to section 15688, subsection 3-A. The full-value mill rates
7 represent rates that, if applied to the statewide valuation, would produce the statewide
8 total local share. Notwithstanding any other provision of law, with respect to the
9 assessment of any property taxes for property tax years beginning on or after April 1,
10 2005, a municipality's required local contribution determined pursuant to section 15688,
11 subsection 3-A establishes the local cost share expectation for that municipality.

12 A. Based on the funding requirements established in section 15671, the
13 commissioner shall annually by February 1st notify each school administrative unit of
14 its local cost share expectation and tabulate that local cost share expectation, total
15 allocation and the projected state subsidy for each school administrative unit and post
16 those tabulations, itemized by school administrative unit, on the department's publicly
17 accessible website. Each superintendent shall report to the municipal officers
18 whenever a school administrative unit is notified of the local cost share expectation or
19 a change made in the local cost share expectation resulting from an adjustment.

20 B. For property tax years beginning on or after April 1, 2005, the commissioner shall
21 calculate the full-value education mill rate that is required to raise the statewide total
22 local share. The full-value education mill rate is calculated for each fiscal year by
23 dividing the applicable statewide total local share by the applicable statewide
24 valuation. The full-value education mill rate must decline over the period from fiscal
25 year 2005-06 to fiscal year 2008-09 and may not exceed 9.0 mills in fiscal year 2005-
26 06 and may not exceed 8.0 mills in fiscal year 2008-09. The full-value education mill
27 rate must be applied according to section 15688, subsection 3-A, paragraph A to
28 determine a municipality's local cost share expectation. Full-value education mill
29 rates must be derived according to the following schedule.

30 (1) For the 2005 property tax year, the full-value education mill rate is the
31 amount necessary to result in a 47.4% statewide total local share in fiscal year
32 2005-06.

33 (2) For the 2006 property tax year, the full-value education mill rate is the
34 amount necessary to result in a 46.14% statewide total local share in fiscal year
35 2006-07.

36 (3) For the 2007 property tax year, the full-value education mill rate is the
37 amount necessary to result in a 46.49% statewide total local share in fiscal year
38 2007-08.

39 (4) For the 2008 property tax year, the full-value education mill rate is the
40 amount necessary to result in a 47.48% statewide total local share in fiscal year
41 2008-09.

- 1 (4-A) For the 2009 property tax year, the full-value education mill rate is the
2 amount necessary to result in a 51.07% statewide total local share in fiscal year
3 2009-10.
- 4 (4-B) For the 2010 property tax year, the full-value education mill rate is the
5 amount necessary to result in a 54.16% statewide total local share in fiscal year
6 2010-11.
- 7 (4-C) For the 2011 property tax year, the full-value education mill rate is the
8 amount necessary to result in a 53.98% statewide total local share in fiscal year
9 2011-12.
- 10 (5) For the 2012 property tax year, the full-value education mill rate is the
11 amount necessary to result in a 54.13% statewide total local share in fiscal year
12 2012-13.
- 13 (6) For the 2013 property tax year, the full-value education mill rate is the
14 amount necessary to result in a 52.71% statewide total local share in fiscal year
15 2013-14.
- 16 (7) For the 2014 property tax year, the full-value education mill rate is the
17 amount necessary to result in a 53.20% statewide total local share in fiscal year
18 2014-15.
- 19 (8) For the 2015 property tax year, the full-value education mill rate is the
20 amount necessary to result in a 52.46% statewide total local share in fiscal year
21 2015-16.
- 22 (9) For the 2016 property tax year, the full-value education mill rate is the
23 amount necessary to result in a 51.86% statewide total local share in fiscal year
24 2016-17.
- 25 (10) For the 2017 property tax year, the full-value education mill rate is the
26 amount necessary to result in a 50.86% statewide total local share in fiscal year
27 2017-18.
- 28 (11) For the 2018 property tax year, the full-value education mill rate is the
29 amount necessary to result in a 50.50% statewide total local share in fiscal year
30 2018-19.
- 31 (12) For the 2019 property tax year and subsequent tax years, the full-value
32 education mill rate is the amount necessary to result in a 45% statewide total
33 local share in fiscal year 2019-20 and after.

34 **Sec. 2. 20-A MRSA §15671-A, sub-§2-A** is enacted to read:

35 **2-A. Local cost share expectation based upon pupil count.** Beginning in fiscal
36 year 2020-21, for the purpose of calculating the local cost share expectation for regional
37 school units, the commissioner shall calculate the statewide per-pupil rate that is required
38 to raise the statewide total local share. The statewide per-pupil rate is calculated for each
39 fiscal year by dividing the applicable statewide total local share by the statewide pupil
40 count for the previous fiscal year.

1 **Sec. 3. 20-A MRSA §15672, sub-§31-A**, as enacted by PL 2005, c. 2, Pt. D, §36
2 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is amended to read:

3 **31-A. State subsidy.** "State subsidy" means the total of the state contribution
4 determined under section 15688, subsection 3-A, paragraph B or paragraph B-2 and any
5 applicable adjustment under section 15689.

6 **Sec. 4. 20-A MRSA §15688, sub-§3-A**, as amended by PL 2015, c. 494, Pt. A,
7 §13, is further amended to read:

8 **3-A. School administrative unit; contribution.** For each school administrative
9 unit, the commissioner shall annually determine the school administrative unit's required
10 contribution, the required contribution of each municipality that is a member of the unit,
11 if the unit has more than one member, and the State's contribution to the unit's total cost
12 of education in accordance with the following.

13 A. For a school administrative unit composed of only one municipality, the
14 contribution of the unit and the municipality is the same and is the lesser of:

- 15 (1) The total cost of education described in subsection 1; and
16 (2) The total of the full-value education mill rate calculated in section 15671-A,
17 subsection 2 multiplied by the property fiscal capacity of the municipality.

18 B. For a school administrative district; or community school district ~~or regional~~
19 ~~school unit~~ composed of more than one municipality, each municipality's contribution
20 to the total cost of education is the lesser of:

- 21 (1) The municipality's total cost of education as described in subsection 2; and
22 (2) The total of the full-value education mill rate calculated in section 15671-A,
23 subsection 2 multiplied by the property fiscal capacity of the municipality.

24 B-2. For a regional school unit composed of more than one municipality, each
25 municipality's contribution to the total cost of education is the lesser of:

- 26 (1) The municipality's total cost of education as described in subsection 2; and
27 (2) Beginning in fiscal year 2020-21:

28 (a) For fiscal year 2020-21, the sum of:

29 (i) Two-thirds of the total of the full-value education mill rate calculated
30 in section 15671-A, subsection 2 multiplied by the property fiscal
31 capacity of the municipality; and

32 (ii) One-third of the statewide per-pupil rate calculated in section
33 15671-A, subsection 2-A multiplied by the number of school level pupils
34 who reside in the municipality and who are educated at public expense at
35 a public school or at a private school approved for tuition purposes;

36 (b) For fiscal year 2021-22, the sum of:

1 (i) One-third of the total of the full-value education mill rate calculated
2 in section 15671-A, subsection 2 multiplied by the property fiscal
3 capacity of the municipality; and

4 (ii) Two-thirds of the statewide per-pupil rate calculated in section
5 15671-A, subsection 2-A multiplied by the number of school level pupils
6 who reside in the municipality and who are educated at public expense at
7 a public school or at a private school approved for tuition purposes; and

8 (c) For fiscal year 2022-23 and subsequent years, the statewide per-pupil rate
9 calculated in section 15671-A, subsection 2-A multiplied by the number of
10 school level pupils who reside in the municipality and who are educated at
11 public expense at a public school or at a private school approved for tuition
12 purposes.

13 C. For a school administrative district, community school district or regional school
14 unit composed of more than one municipality, the unit's contribution to the total cost
15 of education is the lesser of:

- 16 (1) The total cost as described in subsection 1; and
17 (2) The sum of the totals calculated for each member municipality pursuant to
18 paragraph B, subparagraph (2) or paragraph B-2, subparagraph (2), as applicable.

19 D. The state contribution to the school administrative unit's total cost of education is
20 the total cost of education calculated pursuant to subsection 1 less the school
21 administrative unit's contribution calculated pursuant to paragraph A or C, as
22 applicable. The state contribution is subject to reduction in accordance with section
23 15690, subsection 1, paragraph C.

24 **SUMMARY**

25 This bill amends the method by which the share of the total cost of education from
26 kindergarten to grade 12 is calculated for a municipality that is within a regional school
27 unit. Current law establishes that share as the lesser of the municipality's total cost of
28 education as determined under the Maine Revised Statutes, Title 20-A, section 15688,
29 subsection 1 and an amount equal to the product of the education mill rate for the
30 municipality multiplied by the total valuation of property in the municipality. This bill
31 instead determines the share of the total cost of education from kindergarten to grade 12
32 of a municipality within a regional school unit based upon the product of the statewide
33 per-pupil rate calculated under Title 20-A, section 15671-A, subsection 2-A and the
34 number of pupils in the municipality who reside in the municipality and who are educated
35 at public expense. The bill phases in this method of determining a municipality's share of
36 the total cost of education from kindergarten to grade 12 over 3 years: in fiscal year 2020-
37 21, the total cost is 2/3 of the amount determined based on property values and 1/3 of the
38 amount determined based on number of pupils; in fiscal year 2021-22, the total cost is 1/3
39 of the amount determined based on property values and 2/3 of the amount determined
40 based on number of pupils; and, in fiscal year 2022-23 and subsequent years, the total
41 cost is determined based entirely on number of pupils.