



127th MAINE LEGISLATURE

SECOND REGULAR SESSION-2016

Legislative Document

No. 1660

I.B. 3

House of Representatives, March 17, 2016

**An Act To Establish the Fund To Advance Public Kindergarten to
Grade 12 Education**

Transmitted to the Clerk of the 127th Maine Legislature by the Secretary of State on March 15, 2016 and ordered printed.

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

ROBERT B. HUNT
Clerk

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

2 **Sec. 1. 20-A MRSA §15697** is enacted to read:

3 **§15697. Fund to Advance Public Kindergarten to Grade 12 Education**

4 **1. Fund established.** The Fund to Advance Public Kindergarten to Grade 12
5 Education, referred to in this section as "the fund," is established as an interest-bearing
6 account administered by the department.

7 **2. Revenue; 30-day review before changing use of fund.** The Treasurer of State
8 shall deposit all revenue collected pursuant to Title 36, section 5111, subsection 6 from
9 the income tax surcharge to advance public kindergarten to grade 12 education into the
10 fund according to the schedule in Title 36, section 5111, subsection 6. Any private or
11 public funds appropriated, allocated or dedicated to the fund must be deposited into the
12 fund as well as income from any other source directed to the fund. All interest earned by
13 the fund becomes part of the fund. Legislation that proposes to enact or amend a law that
14 would change the distribution of the revenue directed to the fund by this subsection or by
15 Title 36, section 5111, subsection 6 must be submitted to the Legislative Council and to
16 the joint standing committee of the Legislature having jurisdiction over education matters
17 at least 30 days prior to any vote or public hearing on that legislation.

18 **3. Use of fund to supplement and not supplant General Fund appropriations;**
19 **direct support for student learning.** The use of the fund is controlled by this
20 subsection. The fund may not be used for any purpose other than as described in this
21 subsection.

22 **A.** If the General Fund appropriation for the state contribution for general purpose
23 aid for local schools as finally enacted in any year is insufficient to meet the annual
24 target established by section 15752, the commissioner shall use the fund to
25 supplement the state contribution. These supplemental funds must be used to enable
26 the State to meet the annual target established by section 15752 or to decrease the
27 amount by which state funding from all other sources falls short of the target. The
28 commissioner shall announce the increased state contribution amounts made possible
29 by the supplemental amounts obtained from the fund within 14 days after final
30 enactment of the General Fund appropriation for general purpose aid for local
31 schools. The commissioner shall distribute the increased state contribution amounts
32 on the basis of the essential programs and services formula set forth in this chapter.

33 **B.** The fund may be used only to pay for portions of the state contribution that
34 constitute direct support for student learning and not for the costs of administration.
35 As used in this paragraph, "direct support for student learning" includes salary and
36 benefit costs paid for public school classroom teachers; special teachers of reading or
37 mathematics; literacy specialists; career technical education teachers; education
38 technicians; associate teachers; assistant teachers; special education technicians I, II
39 or III; guidance staff; health staff; librarians; and media assistants as documented in
40 the department's database. Direct support for student learning does not include salary
41 and benefit costs paid for school administrative staff or clerical staff. By July 1st
42 annually each school administrative unit must file a report to the department detailing

1 how the funding provided by this section was used to provide direct support for
2 student learning in this chapter.

3 C. The fund may be used for the necessary expenses of the department in the
4 administration of the fund.

5 **4. Report.** Annually by January 15th, the department shall submit a report to the
6 joint standing committee of the Legislature having jurisdiction over education matters
7 showing the amounts deposited into and disbursed from the fund and detailing how those
8 disbursements increased the state contribution and enabled the State to meet or come
9 closer to meeting the applicable annual targets specified in section 15752. The
10 department shall post the report on its publicly accessible website.

11 **5. Rule of construction.** This section must be liberally construed to increase the
12 amount of funding available for public kindergarten to grade 12 education above the
13 General Fund appropriation for that year to the greatest extent possible in any year.

14 **Sec. 2. 36 MRSA §5111, sub-§6** is enacted to read:

15 **6. Income tax surcharge to advance public kindergarten to grade 12 education.**
16 An income tax surcharge to advance public kindergarten to grade 12 education, referred
17 to in this subsection as "the surcharge," is established and administered as follows.

18 A. For tax years beginning on or after January 1, 2017, in addition to any other tax
19 imposed by this chapter, a tax at the rate of 3% is imposed on that portion of the
20 taxpayer's Maine taxable income in excess of \$200,000.

21 B. One hundred percent of the revenue from the surcharge must be deposited each
22 year into the Fund to Advance Public Kindergarten to Grade 12 Education
23 established in Title 20-A, section 15697 in accordance with this paragraph.

24 (1) Prior to January 1st of each year, the bureau shall estimate the annual
25 revenue to be collected from the surcharge for the immediately following
26 calendar year.

27 (2) On the first of each month, beginning on January 1, 2018, the Treasurer of
28 State shall deposit 8.333% of the estimated annual total revenue from the
29 surcharge into the Fund to Advance Public Kindergarten to Grade 12 Education.

30 (3) The bureau may adjust the monthly transfer amount once annually to account
31 for any difference between the estimated collection and actual collection.

32 C. The surcharge must be imposed and collected regardless of whether the income
33 tax brackets in this section are changed, replaced or eliminated by an act of the
34 Legislature or by a measure approved by voters pursuant to the Constitution of
35 Maine, Article IV, Part Third, Section 18.

36 **SUMMARY**

37 This initiated bill establishes the Fund to Advance Public Kindergarten to Grade 12
38 Education for the purpose of improving the ability of the State to reach the annual target
39 of 55%, as specified in statute, for the state share of the total cost of funding public

1 education from kindergarten to grade 12, and for increasing direct support for student
2 learning rather than administrative costs. Revenue for the fund is generated by a 3%
3 surcharge on Maine income tax over \$200,000, beginning with tax years beginning on or
4 after January 1, 2017.