



# 127th MAINE LEGISLATURE

LD 1699

LR 2817(01)

## An Act To Provide Relief for Significant Reductions in Municipal Property Fiscal Capacity

### Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Sen. Whittemore of Somerset

Committee: Not Referred

Fiscal Note Required: Yes

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### Preliminary Fiscal Impact Statement

Change to distribution of school subsidy  
One-time use of GPA debt service savings

#### Fiscal Detail and Notes

A school administrative unit's (SAU's) required contribution to its total cost of education is determined by multiplying the full-value education mill rate by the "property fiscal capacity" as defined in Title 20-A, §15672, sub-§23, ¶C. This bill modifies the way the "property fiscal capacity" is determined for municipalities under certain conditions beginning in fiscal year 2016-17.

Requiring the Department of Education to identify savings from unused debt service within the General Purpose Aid for Local Schools program to fund the provisions in this legislation without impacting the mill rate expectation established in Public Law 2015, c. 389, Part C, section 11 for fiscal year 2016-17 will allow municipalities unaffected by this legislation to receive the same amount of state subsidy they would have received absent this legislation. Those SAU's affected by this legislation will receive more state subsidy than would have been received had this legislation not been in place. The impact on each individual SAU affected by this legislation in fiscal year 2016-17 can not be determined at this time. Without this bill any unused debt service funds would be carried forward into a subsequent fiscal year to be available for other expenditures within GPA.

This legislation will impact the distribution of school subsidy to SAU's in future years when a municipality experiences a significant decline in valuation. Absent additional funding being provided to increase the school subsidy of the affected municipality, unaffected municipalities will receive less school subsidy than would have been received had this provision not been in place and affected municipalities will receive more.

Additional costs to the Department of Administrative and Financial Services associated with certifying the municipality's valuation can be absorbed within existing budget resources.