



127th MAINE LEGISLATURE

LD 281**LR 175(02)**

Resolve, To Modify the State Valuation of the Town of Madison To Reflect the Loss in Valuation of the Madison Paper Company and To Modify the State Valuation of the Town of Skowhegan To Reflect the Loss in Valuation of the S.D. Warren Company

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

No net fiscal impact to State
Distribution change to schools and municipalities

Fiscal Detail and Notes

A school administrative unit's (SAU's) required contribution to the SAU's 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. Beginning in fiscal year 2015-16, the "property fiscal capacity" is the average of the certified state valuations for the 3 most recent years prior to the most recently certified state valuation. For fiscal year 2015-16, the average of the 2012, 2013 and 2014 state valuations are used in the calculations of the state and local contributions for funding K-12 public education calculated by the Department of Education for the upcoming 2015-2016 school year.

Modifying state valuations for the towns of Madison, Skowhegan, Jay and East Millinocket will increase state education subsidies by approximately \$1.2 million to RSU 59 (Madison), \$0.8 million to RSU 54 (Skowhegan), \$0.7 million to RSU 73 (Jay) and \$0.1 million to East Millinocket for the 2015-2016 school year. This fiscal note assumes that an additional General Fund appropriation of approximately \$2.8 million to the General Purpose Aid for Local Schools program beyond the funding included in LD 1019, the 2016-17 biennial budget, will not be provided in fiscal year 2015-16 to support this provision. As a result, all other SAU's will see a corresponding decrease in education subsidies through an increase in the required mill rate of approximately .03 mills. These estimates are based on the funding for K-12 public education as enacted in LD 1019, the 2016-2017 biennial budget. This fiscal note may need to be revised based on the final actions of the 127th Legislature in the 1st Regular Session.

This legislation will also result in a redistribution of the required local contribution for the members of RSU 59, RSU 54 and RSU 73 with the towns of Madison, Skowhegan and Jay having their required local contribution reduced and the other members of those districts having their required local share increased.

Modifying state valuations for the towns of Madison, Skowhegan and East Millinocket will increase state-municipal revenue sharing by approximately \$138,000 to Madison, \$52,500 to Skowhegan and \$54,500 to East Millinocket for the 2015-16 fiscal year. This total increase of \$245,000 will mean all other municipalities will see revenue sharing amounts decrease by \$245,000 through the state-municipal revenue sharing formula. These estimates are based on the funding for state-municipal revenue sharing as enacted in LD 1019, the 2016-2017 biennial budget.