

**Amend LD 390 Part C by deleting the current Part and replacing with the following:**

**PART C**

**Sec. C-1. Mill expectation.** The mill expectation pursuant to the Maine Revised Statutes, Title 20-A, section 15671-A for fiscal year 2017-18 is 8.29.

**Sec. C-2. Total cost of funding public education from kindergarten to grade 12.** The total cost of funding public education from kindergarten to grade 12 for fiscal year 2017-18 is as follows:

	<b>2017-18 TOTAL</b>
<b>Total Operating Allocation</b>	
Total operating allocation pursuant to the Maine Revised Statutes, Title 20-A, section 15683 and total other subsidizable costs pursuant to Title 20-A, section 15681-A	\$1,869,143,574
<b>Total Debt Service Allocation</b>	
Total debt service allocation pursuant to the Maine Revised Statutes, Title 20-A, section 15683-A	\$87,568,693
<b>Total Adjustment to the State Share of the Total Allocation</b>	
Total adjustments to the State share of the total allocation pursuant to the Maine Revised Statutes, Title 20-A, section 15689	\$6,947,021
<b>Enhancing Student Performance and Opportunity</b>	\$1,450,000
<b>Total Targeted Education Funds</b>	
Total targeted education funds pursuant to the Maine Revised Statutes, Title 20-A, section 15689-A	\$66,303,185
<b>Total Normal Cost of Teacher Retirement</b>	\$45,274,070
<b>Total Cost of Funding Public Education from Kindergarten to Grade 12</b>	<hr/>

Total cost of funding public education from kindergarten to grade 12 for fiscal year 2017-18 pursuant to the Maine Revised Statutes, Title 20-A, chapter 606-B	\$2,076,686,543
Total cost of the state contribution to teacher retirement, teacher retirement health insurance and teacher retirement life insurance for fiscal year 2017-18 pursuant to the Maine Revised Statutes, Title 5, chapters 421 and 423 excluding the normal cost of teacher retirement	\$172,880,735
Total cost of the state contribution at postsecondary institutions of courses for credit at postsecondary institutions pursuant to Maine Revised Statutes, Title 20-A, section 15689-A, subsection 11	\$2,000,000
Total cost of the state contribution for the Department of Education	\$12,179,169
Total cost of the state contribution for the fund for the efficient delivery of educational services pursuant to Maine Revised Statutes, Title 20-A, chapter 114-A	\$5,000,000
Adjustment pursuant to the Maine Revised Statutes, Title 20-A, section 15683, subsection 2	\$40,954,515
Total cost of funding public education from kindergarten to grade 12	\$2,309,700,962

**Sec. C-3. Local and state contributions to total cost of funding public education from kindergarten to grade 12.** The local contribution and the state contribution appropriation provided for general purpose aid for local schools for the fiscal year beginning July 1, 2017 and ending June 30, 2018 is calculated as follows:

	<b>2017-18 LOCAL</b>	<b>2017-18 STATE</b>
<b>Local and State Contributions to the Total Cost of Funding Public Education from Kindergarten to Grade 12</b>		
Local and state contributions to the total cost of	\$1,085,528,006	\$991,158,537

funding public education from kindergarten to grade 12 pursuant to the Maine Revised Statutes, Title 20-A, section 15683, subject to statewide distributions required by law

State contribution to the total cost of teacher retirement, teacher retirement health insurance and teacher retirement life insurance for fiscal year 2017-18 pursuant to the Maine Revised Statutes, Title 5, chapters 421 and 423 \$172,880,735

State contribution to the total cost of the state contribution at postsecondary institutions of courses for credit at postsecondary institutions for fiscal year 2017-18 pursuant to Maine Revised Statutes, Title 20-A, section 15689-A, subsection 11 \$2,000,000

Total cost of the state contribution for the Department of Education \$12,179,169

Total cost of the state contribution for the fund for the efficient delivery of educational services pursuant to Maine Revised Statutes, Title 20-A, chapter 114-A \$5,000,000

State contribution to the total cost of funding public education from kindergarten to grade 12 \$1,183,218,441

**Sec. C-4. Authorization of payments.** If the State's continued obligation for any individual component contained in those sections of this Part that set the total cost of funding public education from kindergarten to grade 12 and the local and state contributions for that purpose exceeds the level of funding provided for that component, any unexpended balances occurring in other programs may be applied to avoid proration of payments for any individual component. Any unexpended balances from this Part may not lapse but must be carried forward for the same purpose.

**Sec. C-5. Limit of State's obligation.** Those sections of this Part that set the total cost of funding public education from kindergarten to grade 12 and the local and state contributions for that purpose may not be construed to require the State to provide payments that exceed the appropriation of funds for general purpose aid for local schools for the fiscal year beginning July 1, 2017 and ending June 30, 2018.

**Sec. C-6. 20-A MRSA §15671, sub-§1-A**, as amended by PL 2015, c. 389, Pt. C, §2, is further amended to read:

**1-A. State funding for kindergarten to grade 12 public education.** Beginning in fiscal year ~~2017-18~~2018-19 and in each fiscal year thereafter until the state share percentage of the total cost of funding public education from kindergarten to grade 12 reaches 55% pursuant to subsection 7, paragraph ~~B~~D, the State shall increase the state share percentage of the funding for the cost of essential programs and services by at least one percentage point per year over the percentage of the previous year and the department, in allocating funds, shall make this increase in funding a priority. For those fiscal years that the funding appropriated or allocated for the cost of essential programs and services is not sufficient to increase the state share percentage of the total cost of funding public education from kindergarten to grade 12 by at least one percentage point, no new programs or initiatives may be established for kindergarten to grade 12 public education within the department that would divert funds that would otherwise be distributed as general purpose aid for local schools pursuant to subsection 5.

**Sec. C-7. 20-A MRSA §15671, sub-§7, ¶B**, as amended by PL 2015, c. 481, Pt. D, §1, is repealed.

**Sec. C-8. 20-A MRSA §15671, sub-§7, ¶C**, as amended by PL 2015, c. 481, Pt. D, §2, is repealed.

**Sec. C-9. 20-A MRSA §15671, sub-§7, ¶D** is enacted to read:

D. Beginning in fiscal year 2017-18, the annual targets for the state share percentage of the total cost of funding public education from kindergarten to grade 12 including the cost of the components of essential programs and services plus the state contributions to teacher retirement, retired teachers' health insurance, retired teachers' life insurance, plus the eligible institutions' share of the postsecondary enrollment program pursuant to chapter 208-A and section 15689-A, sub-section 11, plus state contributions for the Department of Education, plus state contributions for the fund for the efficient delivery of educational services, and less any adjustment to the total allocation for student counts under section 15674, sub-section 1, paragraph C, sub-paragraph 2 are as follows.

(1) For fiscal year 2017-18, the target is 51.23%.

(2) For fiscal year 2018-19, the target is 52.00%

(3) For fiscal year 2019-20 and succeeding years, the target is 55%.

**Sec. C-10. 20-A MRSA §15671-A, sub-§2, ¶B**, as amended by PL 2015, c. 481, Pt. D, §3, is further amended to read:

B. For property tax years beginning on or after April 1, 2005, the commissioner shall calculate the full-value education mill rate that is required to raise the statewide total local share. The full-value

education mill rate is calculated for each fiscal year by dividing the applicable statewide total local share by the applicable statewide valuation. The full-value education mill rate must decline over the period from fiscal year 2005-06 to fiscal year 2008-09 and may not exceed 9.0 mills in fiscal year 2005-06 and may not exceed 8.0 mills in fiscal year 2008-09. The full-value education mill rate must be applied according to section 15688, subsection 3-A, paragraph A to determine a municipality's local cost share expectation. Full-value education mill rates must be derived according to the following schedule.

- (1) For the 2005 property tax year, the full-value education mill rate is the amount necessary to result in a 47.4% statewide total local share in fiscal year 2005-06.
- (2) For the 2006 property tax year, the full-value education mill rate is the amount necessary to result in a 46.14% statewide total local share in fiscal year 2006-07.
- (3) For the 2007 property tax year, the full-value education mill rate is the amount necessary to result in a 46.49% statewide total local share in fiscal year 2007-08.
- (4) For the 2008 property tax year, the full-value education mill rate is the amount necessary to result in a 47.48% statewide total local share in fiscal year 2008-09.
- (4-A) For the 2009 property tax year, the full-value education mill rate is the amount necessary to result in a 51.07% statewide total local share in fiscal year 2009-10.
- (4-B) For the 2010 property tax year, the full-value education mill rate is the amount necessary to result in a 54.16% statewide total local share in fiscal year 2010-11.
- (4-C) For the 2011 property tax year, the full-value education mill rate is the amount necessary to result in a 53.98% statewide total local share in fiscal year 2011-12.
- (5) For the 2012 property tax year, the full-value education mill rate is the amount necessary to result in a 54.13% statewide total local share in fiscal year 2012-13.
- (6) For the 2013 property tax year, the full-value education mill rate is the amount necessary to result in a 52.71% statewide total local share in fiscal year 2013-14.
- (7) For the 2014 property tax year, the full-value education mill rate is the amount necessary to result in a 53.20% statewide total local share in fiscal year 2014-15.
- (8) For the 2015 property tax year, the full-value education mill rate is the amount necessary to result in a 52.46% statewide total local share in fiscal year 2015-16.

(9) For the 2016 property tax year, the full-value education mill rate is the amount necessary to result in a 51.86% statewide total local share in fiscal year 2016-17.

(10) For the 2017 property tax year ~~and subsequent tax years~~, the full-value education mill rate is the amount necessary to result in a ~~45%~~ 52.27% statewide total local share in fiscal year 2017-18 ~~and after~~.

(11) For the 2018 property tax year and subsequent tax years, the full-value education mill rate is the amount necessary to result in a 45% statewide total local share in fiscal year 2018-19 and after.

**Sec. C-11. 8 MRSA §1036, sub-§2-A, ¶A**, as enacted by IB 2009, c. 2, §45, is amended to read:

A. Twenty-five percent of the net slot machine income must be forwarded directly by the board to the Treasurer of State, who shall credit the money to the Department of Education, to be used ~~to supplement and not to supplant funding~~ for essential programs and services for kindergarten to grade 12 under Title 20-A, chapter 606-B;

**Sec. C-12. 8 MRSA §1036, sub-§2-B, ¶A**, as enacted by IB 2009, c. 2, §46, is amended to read:

A. Ten percent of the net table game income must be forwarded directly by the board to the Treasurer of State, who shall credit the money to the Department of Education, to be used ~~to supplement and not to supplant funding~~ for essential programs and services for kindergarten to grade 12 under Title 20-A, chapter 606-B;

**Sec. C-13. 20-A MRSA §15671, sub-§5-A**, as amended by PL 2015, c. 267, Pt. C, §5, is further amended to read:

**5-A. Funds from casino slot machines or table games.** Revenues received by the department from casino slot machines or casino table games pursuant to Title 8, section 1036, subsection 2-A, paragraph A or Title 8, section 1036, subsection 2-B, paragraph A must be distributed ~~until the end of fiscal year 2014-15~~ as general purpose aid for local schools, and each school administrative unit shall make its own determination as to how to allocate these resources. ~~Beginning in fiscal year 2017-18, \$4,000,000 in revenues must be distributed by the department to provide start-up funds for approved public preschool programs for children 4 years of age in accordance with chapter 203, subchapter 3.~~ Neither the Governor nor the Legislature may divert the revenues payable to the department to any other fund or for any other use. Any proposal to enact or amend a law to allow distribution of the revenues paid to the department from casino slot machines or casino table games for another purpose must be submitted to the Legislative Council and to the joint standing committee of the Legislature having jurisdiction over education matters at least 30 days prior to any vote or public hearing on the proposal.

**Sec. C-14. 20-A MRSA §15671, sub-§7, ¶A**, as amended by PL 2013, c. 368, Pt. C, §6, is

repealed and the following is enacted in its place:

A. Beginning July 1, 2017, the base total calculated pursuant to section 15683, subsection 2 is subject to the following annual targets.

(1) For fiscal year 2017-18, the target is 97%.

(2) For fiscal year 2018-19, the target is 98%.

(3) For fiscal year 2019-20, the target is 99%.

(4) For fiscal year 2020-21 and succeeding years, the target is 100%.

**Sec. C-15. 20-A MRS §15683-B, sub-§3**, as enacted by PL 2015, c. 54, §6, is amended to read:

**3. Operating allocation.** The commissioner shall determine a public charter school's operating allocation for each year as the sum of:

A. The base allocation, which is the pupil count pursuant to subsection 2, paragraph A multiplied by the public charter school's EPS per-pupil rates calculated pursuant to subsection 1;

B. The economically disadvantaged student allocation, which is the pupil count determined pursuant to subsection 2, paragraph B multiplied by the additional weight for each economically disadvantaged student pursuant to section 15675, subsection 2;

C. The limited English proficiency student allocation, which is the pupil count pursuant to subsection 2, paragraph C multiplied by the additional weight for each limited English proficiency student pursuant to section 15675, subsection 1;

D. The targeted funds for standards-based system allocation, which is based on the per-pupil amount pursuant to section 15683, subsection 1, paragraph C multiplied by the pupil count pursuant to subsection 2, paragraph A;

E. The targeted funds for technology resource allocation, which is based on the per-pupil amount pursuant to section 15683, subsection 1, paragraph D multiplied by the pupil count in subsection 2, paragraph A; and

F. The targeted funds for ~~public preschool~~kindergarten to grade 2 student allocation, which is based on the ~~preschool~~kindergarten to grade 2 pupil count pursuant to subsection 2, paragraph A multiplied by the additional weight for each public preschool to grade 2 student pursuant to section 15675, subsection 3 and then multiplied by the public charter school's elementary EPS per-pupil rates in subsection 1.

~~The operating allocation calculated pursuant to this subsection must be adjusted by multiplying it by the appropriate transition percentage in accordance with section 15671, subsection 7.~~

**Sec. C-16. 20-A MRS §15674, sub-§1, ¶C**, as amended by PL 2007, c. 667, §15, is repealed and the following is enacted in its place:

C. Beginning July 1, 2017, the average of the 2 pupil counts for April 1st and October 1st of the most recent calendar year prior to the year of funding, reported in accordance with section 6004, including the counts of students enrolled in an alternative education program made in accordance with section 5104-A.

**Sec. C-17. 20-A MRSA §15676, sub-§1**, as amended by RR 2011, c. 2, §19, is repealed and the following is enacted in its place:

**1. Teaching staff costs.** Beginning July 1, 2017, the salary and benefit costs for school level teaching staff that are necessary to carry out this Act, calculated in accordance with section 15678, adjusted by the regional adjustment under section 15682;

**Sec. C-18. 20-A MRSA §15676, sub-§2**, as amended by RR 2011, c. 2, §19, is repealed and the following is enacted in its place:

**2. Other staff costs.** Beginning July 1, 2017, the salary and benefit costs for school-level staff who are not teachers, but including substitute teachers, that are necessary to carry out this Act, calculated in accordance with section 15679, adjusted by the regional adjustment under section 15682; and

**Sec. C-19. 20-A MRSA §15678, sub-§2**, as enacted by PL 2003, c. 504, Pt. A §6, is repealed and the following is enacted in its place:

**2. Ratios.** Beginning July 1, 2017, in calculating the salary and benefit costs pursuant to this section, the commissioner shall utilize the following student-to-teacher ratios.

A. For the elementary school level, the student-to-teacher ratio is 17:1.

B. For the middle school level, the student-to-teacher ratio is 17:1.

C. For the high school level, the student-to-teacher ratio is 16:1.

**Sec. C-20. 20-A MRSA §15679, sub-§2, ¶A, sub-¶1**, as enacted by PL 2003, c. 504, Pt. A, §6, is repealed and the following is enacted in its place:

(1) Beginning July 1, 2017, the student-to-education technician ratio is 114:1 for the elementary school level and 312:1 for the middle school level;

**Sec. C-21. 20-A MRSA §15679, sub-§2, ¶B, sub-¶1**, as enacted by PL 2003, c. 504, Pt. A, §6, is repealed and the following is enacted in its place:

(1) Beginning July 1, 2017, the student-to-education technician ratio is 316:1;



**Sec. C-22. 20-A MRSA §15680, sub-§1, ¶A**, as amended by PL 2007, c. 240, Pt. XXXX, §25, is repealed.

**Sec. C-23. 20-A MRSA §1051, sub-§6, ¶D**, is enacted as follows:

D. A group of school administrative units that have an interlocal agreement pursuant Title 30-A, chapter 115 in order to establish a regional education service agency to jointly purchase the services of a superintendent, may elect the superintendent in the manner prescribed in their interlocal agreement.

**Sec. C-24. 20-A MRSA §15675, sub-§3**, as amended by PL 2013, c. 581, §8, is repealed and the following is enacted in its place:

**3. Kindergarten to grade 2 students.** Beginning July 1, 2017, if a school administrative unit is eligible to receive targeted funds for its public preschool to grade 2 program under section 15681, then for each kindergarten to grade 2 student the unit receives an additional weight of .15. Beginning in 2018-19, this shall be expanded to include grade 3.

**Sec. C-25. 20-A MRSA §15681, sub-§4**, as amended by PL 2007, c. 141, §17, is repealed and the following is enacted in its place:

**4. Kindergarten to grade 2 funds.** Beginning July 1, 2017, for targeted kindergarten to grade 2 funds, the commissioner shall calculate the amount that equals the EPS per pupil rate calculated pursuant to section 15676 or 15676-A multiplied by the additional weight calculated pursuant to section 15675, subsection 3. School administrative units may only use these funds for programs and services to improve student achievement. Those programs and services include extended day programs, extended year programs, tutoring, instructional coaches, professional development, substitute teachers for the purpose of providing teachers with time for planning, collaboration, professional development and additional transportation services that occur as a result of implementing extended day and extended year programs and other programs and services that have received prior approval by the commissioner. For eligibility to receive these funds, school administrative units shall annually provide an assurance that these funds will be expended in accordance with this section and shall annually report expenditures for these programs and services, number of students served and a summary of the programs and services activities, results, goals and the extent to which these have been achieved.

**Sec. C-26. 20-A MRSA §6051, sub-§1**, as amended by PL 2013, c. 167, Pt. A, §§3-5, is further amended to read:

**1. Audit.** A school board shall provide for an annual audit of the school administrative unit. The audit shall include the following:

A. Accountability of all revenues and expenditures;

- B. A determination of whether or not proper budgetary controls are in place;
- C. A determination of whether or not the annual financial data submitted to the department is correct;
- D. An audit of all federal programs in accordance with applicable federal law including a written determination that the audit has been conducted in accordance with applicable federal laws relating to financial and compliance audits as indicated in federal Office of Management and Budget circulars;
- E. A determination as to whether the school administrative unit has complied with applicable provisions of the Essential Programs and Services Funding Act;
- F. Any other information that the commissioner may require;
- G. A determination of whether the school administrative unit has complied with transfer limitations between budget cost centers pursuant to section 1485, subsection 4;
- H. A determination of whether the school administrative unit has complied with budget content requirements pursuant to section 15693, subsection 1 and cost center summary budget format requirements pursuant to sections 1305-C, 1485, 1701-C and 2307;
- I. A determination of whether the school administrative unit has exceeded its authority to expend funds, as provided by the total budget summary article;
- J. A determination of whether the school administrative unit has complied with the applicable provisions of the unexpended balances requirements established under section 15004; ~~and~~
- K. A schedule of expenditures of federal awards; ~~and~~
- L. Beginning July 1, 2017, a determination of whether the school administrative unit has complied with section 15681, subsection 4.

**Sec. C-27. 20-A MRSA §15686-A**, as amended by PL 2015, c. 489, §8, is further amended to read:

**1. Components to be reviewed beginning in fiscal year ~~2006-07~~2017-18.** Beginning in fiscal year ~~2006-07~~2017-18, and at least every 3 years thereafter, the commissioner, using information provided by a statewide education policy research institute, shall review the essential programs and services student-to-staff ratios, salary and benefits matrices, ~~transportation~~, small schools adjustments, labor markets and gifted and talented components and components related to implementation of proficiency-based reporting and graduation requirements under this chapter and shall submit to the joint standing committee of the Legislature having jurisdiction over education matters any recommended changes for legislative action.

**2. Components to be reviewed beginning in fiscal year ~~2007-08~~2018-19.** Beginning in fiscal year ~~2007-08~~2018-19, and at least every 3 years thereafter, the commissioner, using information provided by a statewide education policy research institute, shall review the essential programs and services career and technical education, special education, specialized student populations, system administration and operations and maintenance components under this chapter

and shall submit to the joint standing committee of the Legislature having jurisdiction over education matters any recommended changes for legislative action.

**3. Components to be reviewed beginning in fiscal year ~~2008-09~~ and ~~2016-17~~ 2019-20.** Beginning in fiscal year ~~2008-09~~ 2019-20, and at least every 3 years thereafter, the commissioner, using information provided by a statewide education policy research institute, shall review the essential programs and services professional development, student assessment, technology, transportation, leadership support, cocurricular and extra-curricular activities and supplies and equipment components under this chapter and shall submit to the joint standing committee of the Legislature having jurisdiction over education matters any recommended changes for legislative action.

**~~4. Components to be reviewed beginning in fiscal year 2017-18.~~** Beginning in fiscal year ~~2017-18~~, and at least every 3 years thereafter, the commissioner, using information provided by a statewide education policy research institute, shall review the essential programs and services components under this chapter related to implementation of proficiency based reporting and graduation requirements and shall submit to the joint standing committee of the Legislature having jurisdiction over education matters any recommended legislative changes.

The commissioner may adjust the schedule by replacing one component in one year with another component in another year if information on a specific component is needed in an earlier timeframe. This replacement may not result in a component being reviewed beyond a four year period. The commissioner may include a review of one or more of the components from sections 15688-A, 15689 and 15689-A to the schedule in addition to the components listed in this section.

**Sec. C-28. 20-A MRSA §15688-A, sub-§3**, as amended by PL 2015, c. 489, §9, is repealed.

**Sec. C-29. 20-A MRSA §4722-A, sub-§4**, as amended by PL 2015, c. 489, §2, is repealed.

**Sec. C-30. 20-A MRSA §15688-A, sub-§5**, as enacted by PL 2015, c. 267, Pt. C, §11, is repealed.

**Sec. C-31. 20-A MRSA §15688-A, sub-§7**, as enacted by PL 2015, c. 267, Pt. C, §11, is repealed.

**Sec. C-32. 20-A MRSA §15681, sub-§6**, as enacted by PL 2011, c. 635, Pt. A, §5, is repealed.

**Sec. C-33. 20-A MRSA §15689, sub-§1, ¶B**, as amended by PL 2015, c. 389, Pt. C, §7, is repealed and the following is enacted in its place:

B. Beginning July 1, 2017, the school administrative unit's special education costs as calculated

pursuant to section 15681-A, subsection 2 multiplied by thirty-three percent:

**Sec. C-34. 20-A MRSA §15689, sub-§9**, as enacted by PL 2007, c. 240, Pt. D, §6, is amended to read:

**9. Regionalization, consolidation and efficiency assistance adjustment.** The commissioner may expend and disburse funds limited to the amount appropriated by the Legislature to carry out the purposes of promoting regionalization, consolidation and efficiency. These funds ~~must~~ may be an adjustment to the qualifying school administrative unit's state allocation. The commissioner may also expend and disburse these funds as follows:

A. For direct contractual agreements to provide legal services, facilitation services and other services to assist school administrative unit with planning and implementing regionalization, consolidation and efficiencies; and

B. For direct support to education service agencies established pursuant to section 1051, subsection 6.

**Sec. C-35. 20-A MRSA §15689, sub-§13, ¶A**, as amended by RR 2011, c. 2, §20, is further amended to read:

A. Approval of bus refurbishing must be based on eligibility requirements established by the commissioner, including, but not limited to, the age, mileage and expected useful life of the bus. Bus refurbishing includes safety upgrades and may include technology capability.

**Sec. C-36. 20-A MRSA §15689-A**, as enacted by PL 2005, c. 2, Pt. D, §61, is amended to read:

**§15689-A. Authorization of Payment of ~~Miscellaneous Costs~~ Targeted Education Funds**

**Sec. C-37. 20-A MRSA §15689-A, sub-§1**, as enacted by PL 2005, c. 12, Pt. WW, §18, is amended to read:

**1. Payment of state agency client costs.** State agency client costs are payable pursuant to this subsection. As used in this subsection, "state agency client" has the same meaning as defined in section 1, subsection 34-A.

A. The commissioner shall approve special education costs and supportive services, including transportation, for all state agency clients placed in residential placements by an authorized agent of a state agency.

B. Special education costs authorized by this subsection for state agency clients must be paid by the department in the allocation year at 100% of actual costs.

C. The commissioner shall pay only approved special education costs and supportive services, including transportation, authorized by this subsection for state agency clients

and may not allocate for those special education costs and supportive services, including transportation, incurred by the school administrative unit for state agency clients in the base years starting July 1, 1985, and every base year thereafter.

D. Transportation costs for state agency clients, when provided in accordance with rules established by the commissioner under section 7204, must be paid by the department in the allocation year at 100% of actual costs.

E. The commissioner may pay tuition to school administrative units or private schools for education institutional residents within the limits of the allocation made under this section.

F. The commissioner may deduct from these funds and pay on behalf of the state agency clients allowable school-based costs that represent the State's portion of MaineCare payments. A transfer of payment by the department to the Department of Health and Human Services must be made pursuant to a schedule agreed upon by the Department of Health and Human Services and the department and in a manner that remains in compliance with federal intergovernmental transfer requirements.

**Sec. C-38. 20-A MRSA §15689-A, sub-§2**, as enacted by PL 2005, c. 2, Pt. D, §60, is repealed.

**Sec. C-39. 20-A MRSA §15689-A, sub-§4**, as enacted by PL 2005, c. 2, Pt. D, §61, is repealed.

**Sec. C-40. 20-A MRSA §15689-A, sub-§8**, as enacted by PL 2005, c. 12, Pt. D, §3, is repealed.

**Sec. C-41. 20-A MRSA §15689-A, sub-§12**, as amended by PL 2011, c. 702, §3, is repealed.

**Sec. C-42. 20-A MRSA §13007, sub-§2, ¶D**, as amended by PL 2015, c. 395, §5, is repealed.

**Sec. C-43. 20-A MRSA §13013-A**, as amended by PL 2011, c. 702, §2, is further amended to read:

**§13013-A. Salary Supplements Scholarship Fund for National Board-Certified Teachers**

~~**1. Department of Education salary supplement.** Notwithstanding any other provision of law, the Department of Education shall provide a public school teacher or a teacher in a publicly supported secondary school who has attained certification from the National Board for Professional Teaching Standards, or its successor organization, with an annual national board~~

~~certification salary supplement for the life of the certificate. The salary supplement must be added to the teacher's base salary and must be considered in the calculation for contributions to the Maine Public Employees Retirement System. If a nationally certified teacher is no longer employed as a teacher, the supplement ceases. The amount of the salary supplement is:~~

~~A. For fiscal year 2012-13, \$2,500;~~

~~B. For fiscal year 2013-14, \$2,750; and~~

~~C. For fiscal year 2014-15 and succeeding years, \$3,000.~~

~~**1-A. Funding revenue.** The National Board Certification Salary Supplement Fund is established as a nonlapsing dedicated fund within the Department of Education beginning in fiscal year 2012-13. The salary supplement under subsection 1 must be funded from fees collected by the department pursuant to section 13007, subsection 1.~~

~~**2. Local filing; certification.** On or before October 15th annually, the superintendent of schools of a school administrative unit or the chief administrative officer of a publicly supported secondary school or a career and technical education region shall file with the commissioner a certified list of national board-certified teachers eligible to receive the salary supplement pursuant to subsection 1.~~

~~**3. Payment.** The department shall provide the salary supplement to school administrative units and publicly supported secondary schools for eligible teachers no later than February 15th of each year.~~

~~**4. Expend funds.** A school administrative unit or a publicly supported secondary school may expend funds received through the salary supplement under subsection 1 without calling for a special meeting of the local legislative body.~~

**5. Scholarship fund.** The National Board Certification Scholarship Fund is established as a nonlapsing dedicated fund, referred to in this subsection as "the scholarship fund," within the Department of Education to encourage teachers to apply to and enroll in the certification program offered by the National Board for Professional Teaching Standards or its successor organization, referred to in this subsection and subsection 6 as "the certification program." A school administrative unit or a publicly supported secondary school may request scholarship funds on behalf of its teachers who meet the requirements set forth in subsection 6. The department shall award funds according to this subsection.

A. In fiscal year 2012-13, the department shall allocate \$50,000 from fees collected by the department pursuant to section 13007, subsection 1 to the scholarship fund. The department shall award an amount equal to the cost of the certification program less any other funds received by the applicant on a first-come first-served basis for the first 20 teachers accepted into the certification program annually.

B. Beginning in fiscal year 2013-14, the department shall allocate \$75,000 from fees collected by the department pursuant to section 13007, subsection 1 each fiscal year to the scholarship fund. The department shall award an amount equal to the cost of enrollment in the certification program less any other funds received by the applicant ~~to not more than 30 teachers accepted into the program annually.~~

**6. Eligibility requirements.** In order to receive scholarship funds according to subsection 5 on behalf of a teacher, the school administrative unit or a publicly supported secondary school must certify to the department that the teacher:

- A. Is currently employed by a school administrative unit or a publicly supported secondary school;
- B. Has completed at least 3 years of teaching in the State;
- C. Has agreed to mentor at least one other teacher employed in the State through the national board certification process to apply to and enroll in the certification program;
- D. Has provided documentation of acceptance into the certification program; and
- E. Has disclosed any other funds received to cover the cost of the certification program.

**7. Nonlapsing funds.** Any unencumbered balance of the National Board Certification Scholarship Fund under subsection 5 remaining at the end of a fiscal year may not lapse but must be carried forward to be used for the same purpose.

**Sec. C-44. 20-A MRSA §15689-A, sub-§12-A,** as amended by PL 2011, c. 354, §2, is further amended to read:

**12-A. Learning through technology.** The commissioner may pay costs attributed to professional and administrative staff support ~~consisting of one Education Team and Policy Director position, 2 Education Specialist III positions, one Planning and Research Associate I position, one Director of Special Projects position and 2 Education Specialist II positions,~~ professional development and training in the use of open educational resources and open-source textbooks ~~and~~, system maintenance and grants to schools for a program that promotes learning through technology. A transfer of All Other funds from the General Purpose Aid for Local Schools account to the All Other line category in the Learning Through Technology General Fund nonlapsing account sufficient to support the All Other costs and the agreement that provides one-to-one wireless computers for 7th grade, 8th grade and high school students and educators may occur annually by financial order upon recommendation of the State Budget Officer and approval of the Governor.

**Sec. C-45. 20-A MRSA §15689-A, sub-§16,** as amended by PL 2009, c. 213, Pt. C, §12, is further amended to read:

**16. Transportation administration.** The commissioner may pay costs attributed to professional and administrative staff support ~~one Education Specialist III position~~ and system maintenance necessary to implement the transportation requirements of this chapter and chapter 215.

**Sec. C-46. 20-A MRSA §15689-A, sub-§17,** as enacted by PL 2007, c. 539, Pt. W, §3, is amended to read:

**17. Special education and coordination of services for juvenile offenders.** The commissioner may pay certain costs attributed to staff support and associated operating costs for

providing special education and providing coordination of education, treatment and other services to juvenile offenders at the youth development centers in Charleston and South Portland. A transfer of All Other funds from the General Purpose Aid for Local Schools account to the Personal Services and All Other line categories in the Long Creek Youth Development Center General Fund account within the Department of Corrections, sufficient to support 2 Teacher positions, one Education Specialist II position and one Office Associate II position ~~and to the Mountain View Youth Development Center General Fund account within the Department of Corrections, sufficient to support one Teacher position~~, may occur annually by financial order upon recommendation of the State Budget Officer and approval of the Governor.

**Sec. C-47. 20-A MRSA §15689-A, sub-§18**, as amended by PL 2015, c. 267, Pt. C, §13, is repealed.

**Sec. C-48. 20-A MRSA §15689-A, sub-§20**, as enacted by PL 2011, c. 380, Pt. C, §6, is repealed.

**Sec. C-49. 20-A MRSA chapter 227**, as enacted by PL 2009, c. 296, §1, is repealed.

**Sec. C-50. 20-A MRSA §15689-A, sub-§22**, as amended by PL 2015, c. 63, §1, is repealed.

**Sec. C-51. 20-A MRSA §15689, sub-§14**, is enacted to read:

**14. MaineCare seed for school administrative units.** The commissioner may deduct from a school administrative unit's state subsidy and pay on behalf of the school administrative unit allowable school-based costs that represent the school administrative unit's portion of MaineCare payments. A transfer of payment by the department to the Department of Health and Human Services must be made pursuant to a schedule agreed upon by the Department of Health and Human Services and the department and in a manner that remains in compliance with federal intergovernmental transfer requirements. No later than 90 days after the incurrence of allowable school-based payments to schools, the Department of Health and Human Services shall provide the detailed payment information to the department. The department shall make this information available and apply the adjustment to the appropriate school administrative units within 30 days of receipt of the detailed payment information from the Department of Health and Human Services.

**Sec. C-52. 20-A MRSA §15689-A, sub-§24**, as amended by PL 2015, c. 267, Pt. C, §14, is repealed.

**Sec. C-53. 20-A MRSA §15689-A, sub-§25**, as enacted by PL 2015, c. 267, Pt. GGG, §2, is repealed.



**Sec. C-54. 20-A MRSA §15689-A, sub-§27**, is enacted to read:

**27. Exploratory programs to benefit STEM students.** The commissioner may expend and disburse funds through a competitive grant process to establish pilot programs that would benefit students in public schools in the fields of science, computer science, technology, engineering and mathematics. The grants to pilot programs must include requirements for annual financial reporting and include annual evaluation processes to determine the effectiveness of the program and improvement of the student's achievement.

**Sec. C-55. 20-A MRSA §15681-A, sub-§2**, as enacted by PL 2005, c. 2, Pt. D, §44, is repealed and the following is enacted in its place:

**2. Special education costs.** A school administrative unit receives an additional weight of 1.50 for each special education student identified on the annual December 1st child count as required by the federal Individuals with Disabilities Education Act for the most recent year, up to a maximum of 15% of the school administrative unit's resident pupils as determined under section 15674, subsection 1, paragraph C, subparagraph (1). For those school administrative units in which the annual December 1st child count for the most recent year is less than 15% of the school administrative unit's resident pupils as determined under section 15674, subsection 1, paragraph C, subparagraph (1), the special education child count percentage may not increase more than 0.5% in any given year, up to a maximum of 1.0% in any given 3-year period. For each special education student above the 15% maximum, the unit receives an additional weight of .38. In addition, each school administrative unit must receive additional allocations:

A. For lower staff-student ratios and expenditures for related services for school administrative units with fewer than 20 special education students identified on the annual December 1st child count as required by the federal Individuals with Disabilities Education Act for the most recent year;

B. For high-cost in-district special education placements. Additional funds must be allocated for each student estimated to cost 3 times the statewide special education EPS per-pupil rate. The additional funds for each student must equal the amount by which that student's estimated costs exceed 3 times the statewide special education EPS per-pupil rate;

C. A separate allocation shall be determined for high-cost out-of-district special education placements as follows:

(1) Private school placement. Additional funds must be allocated for each student estimated to cost 4 times the statewide special education EPS per-pupil rate. The additional funds for each student must equal the amount by which that student's estimated costs exceed 4 times the statewide special education EPS per-pupil rate.

(2) Public school placement. Additional funds must be allocated for each student estimated to cost 3 times the statewide special education EPS per-pupil rate. The additional funds for each student must equal the amount by which that student's estimated costs exceed 3 times the statewide special education EPS per-pupil rate.

(3) Public regional special education program placement. Additional funds must be allocated for each student estimated to cost 2 times the statewide special education EPS per-pupil rate. The additional funds for each student must equal the amount by which that student's estimated costs exceed 2 times the statewide special education EPS per-pupil rate. Resident students for the fiscal agent of the regional special education program shall be considered out-of-district placements for this determination. The commissioner may expend and disburse funds pursuant to section 15689, subsection 9 for direct contractual agreements to provide legal services, facilitation services and other services to assist a school administrative unit with planning and implementing of a regional special education program.

The commissioner shall develop an appeals procedure for calculated special education costs for school administrative units.

**Sec. C-56. 20-A MRS §15681-A, sub-§2-A**, as enacted by PL 2007, c. 240, Pt. XXXX, §27, is repealed.

**Sec. C-57. 20-A MRS §15689, sub-§15**, is enacted to read:

**15. Special education budgetary hardship adjustment.** Beginning in 2018-19 fiscal year, the following provisions apply to adjustments for special education budgetary hardships.

A. If a school administrative unit determined eligible pursuant to paragraph B petitions the commissioner and demonstrates that the unexpected education costs of placement of a student in a special education program will cause a budgetary hardship, the commissioner may provide to the unit an amount not to exceed the allowable costs of the placement less 3 times the statewide special education EPS per-pupil rate for in-district placements or less 4 times the statewide special education EPS per-pupil rate for out-of-district placements. The allowable costs are those special education costs described in section 15672, subsection 30-A, paragraphs A and B.

B. The commissioner shall determine that a school administrative unit is eligible for an adjustment under paragraph A if:

(1) The student's placement is a result of an appeal approved by the commissioner pursuant to section 5205, subsection 6 or the student became the fiscal responsibility of the school administrative unit after the passage of that unit's budget for the current fiscal year; and

(2) The school administrative unit's unexpected allowable costs result in a 5% or more increase in the percentage of the unit's special education budget category to the unit's total budget excluding the debt service budget category.

C. The funds for adjustments under paragraph A are limited to the amount appropriated

by the Legislature for that purpose and any unexpended balance from another program's appropriated amounts under this chapter may be applied by the commissioner toward the adjustments.

D. A school administrative unit may expend the funds from the adjustment under paragraph A without seeking approval by the unit's legislative body.

**Sec. C-58. 20-A MRSA §15681-A, sub-§4**, as amended by PL 2015, c. 267, Pt. C, §9, is further amended to read:

**4. Career and technical education costs.** Career and technical education costs in the base year adjusted to the year prior to the allocation year. This subsection does not apply to the ~~2017-18~~ 2018-19 funding year and thereafter; and

**Sec. C-59. 20-A MRSA §15688-A, sub-§1**, as amended by PL 2015, c. 267, Pt. C, §10, is further amended to read:

**1. Career and technical education costs.** Beginning in fiscal year ~~2017-18~~2018-19, the allocation for career and technical education must be based upon a program-driven model that considers components for direct instruction, central administration, supplies, operation and maintenance of plant, other student and staff support and equipment. Monthly payments must be made directly to school administrative units with career and technical education centers and directly to career and technical education regions. If a school administrative unit with a career and technical education center or a career and technical education region has any unexpended funds at the end of the fiscal year, these funds must be carried forward for the purposes of career and technical education.

**Sec. C-60. 20-A MRSA §2410, sub-§3**, is enacted to read:

**3. Maine School for Marine Science, Technology, Transportation and Engineering.**  
The Maine Charter School Commission shall be responsible for the oversight of the Maine School for Marine Science, Technology, Transportation and Engineering in accordance with section 8235-A. The Maine School for Marine Science, Technology, Transportation and Engineering shall not be included in the number of public charter schools in accordance with section 2405, sub-section 9.

**Sec. C-61. 20-A MRSA §8232, sub-§2**, as enacted by PL 2015, c. 363, §4, is amended to read:

**2. Tuition; room and board; funding.** Students from this State may attend the school free of tuition charges. Additional funding for students from this State may be provided within amounts appropriated for that purpose as follows.

~~A. The amount must be paid in 4 equal quarterly payments during the year of attendance. The first payment must be made by July 31st. The amount of tuition and other costs paid~~

~~for all students is limited to the amount appropriated for this purpose. State funding for the Maine School for Marine Science, Technology, Transportation and Engineering shall be the same method established for public charter schools authorized by the Maine Charter School Commission, in accordance with the funding provisions established in section 2413-A and section 15683-B. To be eligible for state funding under this paragraph, a student must have resided in Maine with a parent, other relative or guardian for at least 6 months immediately preceding application to the school.~~

~~B. Except as otherwise provided in this paragraph, effective July 1, 2018, the student or the student's parent or guardian shall pay to the school the cost of room and board for the school year. In the case of financial need, the State shall pay to the school the difference between the cost of room and board and the student's or the student's family's ability to pay that cost. The board of trustees shall establish rules governing the determination of financial need and the cost and schedule of payment of room and board under this paragraph. The determination of financial need must be based on a nationally recognized public or private school financial needs assessment system. A student may use scholarship funds in place of payment for all or part of the cost of room and board and any other fees or expenses incurred as a result of that student's enrollment at the school.~~

Sec. C-62. 20-A MRSA §8235-A, is enacted to read:

#### **§8235-A. Oversight by the Maine Charter School Commission**

The Maine Charter School Commission shall provide oversight of the Maine School for Marine Science, Technology, Transportation and Engineering and this oversight must include the following.

**1. Data collection; monitoring.** For the Maine School for Marine Science, Technology, Transportation and Engineering, the Maine Charter School Commission is responsible for collecting, analyzing and reporting all data from state assessments in accordance with the performance framework developed under section 2409, subsection 1. The Maine Charter School Commission shall monitor the performance and legal compliance of the Maine School for Marine Science, Technology, Transportation and Engineering, including collecting and analyzing all data to support ongoing evaluation of this school. The Maine School for Marine Science, Technology, Transportation and Engineering shall provide the Maine Charter School Commission with information that the Commission requests to carry out the purposes of this section in the specified format with the specific content and within the time schedules established by the Commission.

**2. Notification of unsatisfactory performance or compliance.** In the event that the Maine School for Marine Science, Technology, Transportation and Engineering's performance or legal compliance appears unsatisfactory, the Maine Charter School Commission shall promptly provide written notice to the school of perceived problems and provide reasonable opportunity for the school to remedy the problems. The Maine Charter School Commission shall provide the Commissioner of Education with a copy of the written notice and a report of the plan the school has to remedy the problem.

**Sec. C-63. School Finance Act of 2017.** The commissioner shall develop a plan for the funding of public education from kindergarten through grade 12 by using the local and state contributions. The plan for a new school funding formula must be based on providing direct instruction and support for student learning, include a statewide teacher contract and the implementation of a system to measure and ensure that school administrative units are held accountable for the intended use of the State funds. The new funding formula must ensure that direct instructional programs and services are available to all students and be available in all schools on an equitable basis. The new school funding formula must be implemented no later than the 2019-20 school year.

**Sec. C-64. 20-A MRS §4271, sub-§3,** as enacted by PL 2013, c. 581, §3, is amended to read:

**3. Grant funds.** Beginning with the 2015-2016 school year and for each subsequent school year, the commissioner may provide start-up funding to qualified school administrative units to operate public preschool programs for children 4 years of age. Grants provided for allowable costs for approved public preschool programs must be provided from state, federal or private funds appropriated, allocated or authorized by the Legislature for that purpose ~~and must include \$4,000,000 annually in revenues distributed from general purpose aid for local schools that the department receives from casino slot machines or casino table games pursuant to section 15671, subsection 5-A. Any balance of funds appropriated, allocated or authorized by the Legislature remaining at the end of a fiscal year do not lapse and are carried forward to the next fiscal year to carry out the purposes of this subchapter.~~

**Sec. C-65. 20-A MRS §15689-A, sub-§10,** as amended by PL 2009, c. 213, Pt. C, §10, is further amended to read:

**10. Data management and support services for essential programs and services.** The commissioner may pay costs attributed to system maintenance and staff support ~~consisting of 11~~ positions that provide professional and administrative support to general purpose aid for local schools necessary to implement the requirements of the Essential Programs and Services Funding Act.

**Sec. C-66. 20-A MRS §1485, sub-§1-A,** is enacted to read:

**1-A. Instructional expenditures transition; annual targets.** Each school administration unit must meet the annual targets for the direct instruction percentage share of total general fund expenditures as follows:

- (1) For fiscal year 2018-19, the target is 61%.
- (2) For fiscal year 2019-20, the target is 63%
- (3) For fiscal year 2020-21, the target is 65%
- (4) For fiscal year 2021-22, the target is 67%
- (5) For fiscal year 2022-23 and succeeding years, the target is 70%.

Direct instruction are those expenditures in subsection 1, paragraph A for regular instruction, special education instruction, career and technical education instruction and other instruction including summer school and extracurricular instructions as defined in the State's accounting handbook for local school systems.

**Sec. C-67. 20-A MRSA §4775**, as amended by PL 2013, c. 368, Pt. C, §2, is further amended to read:

The department shall pay 50% of the in-state tuition for the first 6 credit hours taken each semester by a student at an eligible institution and up to 12 credit hours per academic year. The eligible institution may not make any additional tuition charges for the course but may impose fees and charges, other than tuition, that are ordinarily imposed on students not covered by this chapter. Funds appropriated to the department to carry out the purposes of this chapter must be in addition to the customary and ongoing amounts appropriated for general purpose aid for local schools.

Beginning in 2018-19, the department shall reimburse each eligible institution the cost of in-state tuition up to the maximum rate, calculated as follows: 50% of the average in-state tuition rate for the highest and lowest in-state tuition rate established by the University of Maine System for eligible institutions within the System for the first 6 credit hours taken each semester by a student at an eligible institution and up to 12 credit hours per academic year. The eligible institution may not make any additional tuition charges for the course but may impose fees and charges, other than tuition, that are ordinarily imposed on students not covered by this chapter. Funds appropriated to the department to carry out the purposes of this chapter must be in addition to the customary and ongoing amounts appropriated for general purpose aid for local schools.

**Sec. C-68. 20-A MRSA §15905, sub-§1, ¶A**, as amended by PL 2015, c. 389, Pt. C, §10, is further amended to read:

A. The state board may approve projects as long as no project approval will cause debt service costs, as defined in section 15672, subsection 2-A, paragraph A and pursuant to Resolve 2007, chapter 223, section 4, to exceed the maximum limits specified in Table 1 in subsequent fiscal years.

Fiscal year	Major Capital Maximum Debt Service Limit	Integrated, Consolidated Secondary and Postsecondary Project Maximum Debt Service Limit
1990	\$ 48,000,000	
1991	\$ 57,000,000	
1992	\$ 65,000,000	
1993	\$ 67,000,000	
1994	\$ 67,000,000	
1995	\$ 67,000,000	
1996	\$ 67,000,000	

1997	\$ 67,000,000	
1998	\$ 67,000,000	
1999	\$ 69,000,000	
2000	\$ 72,000,000	
2001	\$ 74,000,000	
2002	\$ 74,000,000	
2003	\$ 80,000,000	
2004	\$ 80,000,000	
2005	\$ 84,000,000	
2006	\$ 90,000,000	
2007	\$ 96,000,000	
2008	\$100,000,000	
2009	\$104,000,000	
2010	\$108,000,000	
2011	\$126,000,000	
2012	\$116,000,000	
2013	\$116,000,000	
2014	\$126,000,000	\$10,000,000
2015	\$126,000,000	\$10,000,000
2016	\$126,000,000	\$10,000,000
2017	\$126,000,000	\$10,000,000
2018	\$126,000,000	\$10,000,000
2019	\$126,000,000	\$10,000,000
<u>2020</u>	<u>\$126,000,000</u>	<u>\$20,000,000</u>
<u>2021</u>	<u>\$126,000,000</u>	<u>\$20,000,000</u>
<u>2022</u>	<u>\$126,000,000</u>	<u>\$20,000,000</u>
<u>2023</u>	<u>\$126,000,000</u>	<u>\$20,000,000</u>

**Sec. C-69. Effective date.** The following sections of this Part have the following effective dates:

1. Sections 15 and 43 are amended effective beginning on July 1, 2017.
2. Sections 22, 28, 29, 30, 31, 32, 39, 41 and 52 are repealed effective beginning on July 1, 2017.
3. Section 63 is enacted effective beginning on July 1, 2017.
4. Section 55 is repealed and replaced effective beginning on July 1, 2018.
5. Sections 48 and 49 are repealed effective beginning on July 1, 2019.
6. Section 53 is repealed effective beginning on July 1, 2021.
7. All other sections in this Part are effective beginning on the same date that this Act becomes effective unless otherwise specified within each respective section.

**PART C  
SUMMARY**

This Part does the following:

1. Sections 1 through 13 of this Part establishes the Total Cost of Education from Kindergarten to Grade 12 for fiscal year 2017-18, the state contribution and the annual target state share percentage.
2. Sections 14 through 54 of this Part provides statutory changes to the essential programs and services funding act chapter 606-B for implementation in the 2017-18 school year.
3. Sections 55 through 59 of this Part provides statutory changes to the essential programs and services funding act chapter 606-B for implementation in the 2018-19 school year.
4. Sections 60 through 62 provide statutory changes for the funding and oversight of the Maine School for Marine Science, Technology, Transportation and Engineering.
5. Section 63 directs the Commissioner of the Department of Education to develop a plan for funding public education from kindergarten through grade twelve. The plan must be based on providing direct instruction and support for student learning and include the establishment of a system to measure and ensure accountability for the use of the State funds. The new school funding formula must be implemented by the 2019-20 school year.
6. Section 64 eliminates the allocation of \$4,000,000 of casino revenues annually to be used for grants for approved public preschool program startup costs
7. Section 65 eliminates the 11 position cap on system maintenance and staff support that provide professional and administrative support to general purpose aid for local schools.
8. Section 66 establishes annual targets for instructional expenditures.
9. Section 67 establishes a new rate of reimbursement for the postsecondary options program beginning in 2018-19.
10. Section 68 adds maximum debt service limits for approved Major Capital and Integrated, Consolidated Secondary and Postsecondary Projects for fiscal years 2019-20, 2020-21, 2021-22, and 2022-23.
11. Section 69 sets the effective dates for all sections of this Part.



Amend LD 390 Part D by deleting the current Part and replacing with the following:

**PART D**

**Sec. D-1. 20-A MRSA §15697, sub-§2**, as enacted by IB 2015, c. 4, § 1, is amended to read:

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

**Sec. D-2. 36 MRSA §5111, first ¶**, as amended by PL 1999, c. 731, Pt. T, §1, is further amended to read:

A tax is imposed for each taxable year ~~beginning on or after January 1, 2000~~, on the Maine taxable income of every resident individual of this State. The amount of the tax is determined as provided in this section.

**Sec. D-3. 36 MRSA §5111, sub-§1-F**, as enacted by PL 2015, c. 267, Pt. DD, §3, is amended to read:

**1-F. Single individuals and married persons filing separate returns; tax years beginning 2017.** For tax years beginning ~~on or after January 1, in~~ 2017, for single individuals and married persons filing separate returns:

If Maine taxable income is:	The tax is:
Less than \$21,050	5.8% of the Maine taxable income
At least \$21,050 but less than \$50,000	\$1,221 plus 6.75% of the excess over \$21,050
\$50,000 or more	\$3,175 plus 7.15% of the excess over \$50,000

**Sec. D-4. 36 MRSA § 5111, sub-§1-G**, is enacted to read:

**1-G. Single individuals and married persons filing separate returns; tax years beginning 2018 and 2019.** For tax years beginning in 2018 and 2019, for single individuals and married persons filing separate returns:

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$21,050</u>	<u>2.75% of the Maine taxable income</u>
<u>\$21,050 or more</u>	<u>\$579 plus 3.15% of the excess over \$21,050</u>

**Sec. D-5. 36 MRSA § 5111, sub-§1-H** is enacted to read:

**1-H. Tax years beginning after 2019.** For tax years beginning on or after January 1, 2020, the tax is 2.75% of the Maine taxable income.

**Sec. D-6. 36 MRSA §5111, sub-§2-F**, as enacted by PL 2015, c. 267, Pt. DD, §5 is amended to read:

**2-F. Heads of households; tax years beginning 2017.** For tax years beginning ~~on or after January 1, in~~ 2017, for unmarried individuals or legally separated individuals who qualify as heads of households:

If Maine taxable income is:	The tax is:
Less than \$31,550	5.8% of the Maine taxable income
At least \$31,550 but less than \$75,000	\$1,830 plus 6.75% of the excess over \$31,550
\$75,000 or more	\$4,763 plus 7.15% of the excess over \$75,000

**Sec. D-7. 36 MRSA § 5111, sub-§2-G**, is enacted to read:

**2-G. Heads of households; tax years beginning 2018 and 2019.** For tax years beginning in 2018 and 2019, for unmarried individuals or legally separated individuals who qualify as heads of households:

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$31,550</u>	<u>2.75% of the Maine taxable income</u>
<u>\$31,550 or more</u>	<u>\$868 plus 3.15% of the excess over \$31,550</u>

**Sec. D-8. 36 MRSA §5111, sub-§3-F**, as enacted by PL 2015, c. 267, Pt. DD, §7 is amended to read:

**3-F. Individuals filing married joint returns or surviving spouses; tax years beginning 2017.** For tax years beginning ~~on or after January 1, in~~ 2017, for individuals filing married joint returns or surviving spouses permitted to file a joint return:

If Maine taxable income is:	The tax is:
Less than \$42,100	5.8% of the Maine taxable income
At least \$42,100 but less than \$100,000	\$2,442 plus 6.75% of the excess over \$42,100
\$100,000 or more	\$6,350 plus 7.15% of the excess over \$100,000

**Sec. D-9. 36 MRSA §5111, sub-§3-G**, is enacted to read:

**3-G. Individuals filing married joint returns or surviving spouses; tax years beginning 2018 and 2019.** For tax years beginning in 2018 and 2019, for individuals filing married joint

returns or surviving spouses permitted to file a joint return:

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$42,100</u>	<u>2.75% of the Maine taxable income</u>
<u>\$42,100 or more</u>	<u>\$1,158 plus 3.15% of the excess over \$42,100</u>

**Sec. D-10. 36 MRSA §5111, sub-§6** as enacted by IB 2015, c. 4, § 2, is repealed and replaced with the following:

**6. Income tax surcharge.** For tax years beginning on or after January 1, 2018, in addition to any other tax imposed by this chapter, a tax surcharge at the rate of 3% is imposed on the taxpayer's Maine taxable income.

**Sec. D-11. 36 MRSA §5122, sub-§ 2, ¶ M-2,** as amended by PL 2015, c. 390, § 8, is further amended to read:

M-2. For tax years beginning on or after January 1, 2016:

(1) For each individual who is a primary recipient of retirement plan benefits, the reduction is the sum of:

(a) Excluding military retirement plan benefits, an amount that is the lesser of:

(i) The aggregate of retirement plan benefits under employee retirement plans or individual retirement accounts included in the individual's federal adjusted gross income; and

(ii) The pension deduction amount reduced by the total amount of the individual's social security benefits and railroad retirement benefits paid by the United States, but not less than \$0; and

(b) An amount equal to the aggregate of retirement benefits under military retirement plans included in the individual's federal adjusted gross income; and

(2) For purposes of this paragraph, the following terms have the following meanings.

(a) "Employee retirement plan" means a state, federal or military retirement plan or any other retirement benefit plan established and maintained by an employer for the benefit of its employees under the Code, Section 401(a), Section 403 or Section 457(b), except that distributions made pursuant to a Section 457(b) plan are not eligible for the deduction provided by this paragraph if they are made prior to age 55 and are not part of a series of substantially equal periodic payments made for the life of the primary recipient or the joint lives of the primary recipient and that recipient's designated beneficiary.

(b) "Individual retirement account" means an individual retirement account under Section 408 of the Code, a Roth IRA under Section 408A of the Code, a simplified employee pension under Section 408(k) of the Code or a simple retirement account for employees under Section 408(p) of the Code.

(c) "Military retirement plan" means retirement plan benefits received as a result of service in the active or reserve components of the Army, Navy, Air Force, Marines or Coast Guard.

(d) "Pension deduction amount" means \$10,000, except that for tax years beginning on or after January 1, 2017, but before January 1, 2022, pension deduction amount means the pension deduction amount applicable to the preceding tax year increased by \$5,000. For tax years beginning on or after January 1, 2022, pension deduction amount means \$35,000.

(e) "Primary recipient" means the individual upon whose earnings or contributions the retirement plan benefits are based or the surviving spouse of that individual.

(f) "Retirement plan benefits" means employee retirement plan benefits, except pick-up contributions for which a subtraction is allowed under paragraph E, reported as pension or annuity income for federal income tax purposes and individual retirement account benefits reported as individual retirement account distributions for federal income tax purposes. "Retirement plan benefits" does not include distributions that are subject to the tax imposed by the Code, Section 72(t);

**Sec. D-12. 36 MRSA §5160**, as amended by PL 2003, c. 390, §35 is further amended to read:

**§5160. Imposition of tax**

For tax years beginning prior to January 1, 2018, the ~~The~~ tax is imposed, at the rates provided by section 5111 for single individuals, upon the Maine taxable income of estates and trusts. For tax years beginning in 2018 or 2019, the tax is imposed, at the rates provided by section 5111 for single individuals and the income tax surcharge provided by section 5111, subsection 6, upon the Maine taxable income of estates and trusts. For tax years beginning on or after January 1, 2020, the tax is imposed, at the rate provided by section 5111, subsection 1-H and the income tax surcharge provided by section 5111, subsection 6, upon the Maine taxable income of estates and trusts. The tax must be paid by the fiduciary.

**Sec. D-13. 36 MRSA, § 5200, sub-§ 1**, as amended by PL 2005, c. 618, § 6, and affected by PL 2005, c. 618, § 22, is further amended to read:

**1. Imposition and rate of tax prior to 2018.** For tax years beginning prior to January 1, 2018, a ~~A~~-tax is imposed for each taxable year at the following rates on each taxable corporation and on each group of corporations that derives income from a unitary business carried on by 2 or more members of an affiliated group:

If the income is:	The tax is:
Not over \$25,000	3.5% of the income
\$25,000 but not over \$75,000	\$875 plus 7.93% of the excess over \$25,000
\$75,000 but not over \$250,000	\$4,840 plus 8.33% of the excess over \$75,000
\$250,000 or more	\$19,418 plus 8.93% of the excess over
\$250,000	

In the case of an affiliated group of corporations engaged in a unitary business with activity taxable only by Maine, the rates provided in this subsection are applied only to the first \$250,000 of the Maine net income of the entire group and must be apportioned equally among the taxable corporations unless those taxable corporations jointly elect a different apportionment. The balance of the Maine net income of the entire group is taxed at 8.93%.

In the case of an affiliated group of corporations engaged in a unitary business with activity taxable both within and without this State, the rates provided in this subsection are applied only to the first \$250,000 of the net income of the entire group and must be apportioned equally among the taxable corporations unless those taxable corporations jointly elect a different apportionment. The balance of the net income of the entire group is taxed at 8.93%.

**Sec. D-14. 36 MRSA, §5200, sub-§ 1-A** is enacted to read:

**1-A. Imposition and rate of tax beginning 2018.** For tax years beginning on or after January 1, 2018, a tax is imposed for each taxable year at the following rates on each taxable corporation and on each group of corporations that derives income from a unitary business carried on by 2 or more members of an affiliated group:

<u>If the income is:</u>	<u>The tax is:</u>
<u>Not over \$25,000</u>	<u>3.5% of the income</u>
<u>\$25,000 but not over \$75,000</u>	<u>\$875 plus 7.93% of the excess over \$25,000</u>
<u>\$75,000 or more</u>	<u>\$4,840 plus 8.33% of the excess over \$75,000</u>

In the case of an affiliated group of corporations engaged in a unitary business with activity taxable only by Maine, the rates provided in this subsection are applied only to the first \$75,000 of the Maine net income of the entire group and must be apportioned equally among the taxable corporations unless those taxable corporations jointly elect a different apportionment. The balance of the Maine net income of the entire group is taxed at 8.33%.

In the case of an affiliated group of corporations engaged in a unitary business with activity taxable both within and without this State, the rates provided in this subsection are applied only to the first \$75,000 of the net income of the entire group and must be apportioned equally among the taxable corporations unless those taxable corporations jointly elect a different apportionment. The balance of the net income of the entire group is taxed at 8.33%.

**Sec. D-15. 36 MRSA, § 5203-C, sub-§ 2, ¶ C**, as amended by PL 2011, c. 380, Pt. N. §§ 12 and 13 and affected by PL 2011, c. 380, Pt. N, § 19, is further amended to read:

C. Taxable corporations required to file an income tax return under this Part, excluding financial institutions subject to the tax imposed by chapter 819 and persons not subject to the federal alternative minimum tax under the Code, Section 55(e). The tax imposed by this subsection does not apply to taxable corporations for tax years beginning on or after January 1, 2017.

**Sec. D-16. 36 MRSA § 5213-A, sub-§1, ¶B**, as amended by PL 2015, c. 328, §4 is further amended to read:

B. "Income" means federal adjusted gross income increased by the following amounts:

~~(1) Trade or business losses; capital losses; any net loss resulting from combining the income or loss from rental real estate and royalties, the income or loss from partnerships and S corporations, the income or loss from estates and trusts, the income or loss from real estate mortgage investment conduits and the net farm rental income or loss; any loss associated with the sale of business property; and farm losses included in federal adjusted gross income;~~

(2) Interest received to the extent not included in federal adjusted gross income;

(3) Payments received under the federal Social Security Act and railroad retirement benefits to the extent not included in federal adjusted gross income; and

(4) The following amounts deducted in arriving at federal adjusted gross income:

(a) Educator expenses pursuant to the Code, Section 62(a)(2)(D);

(b) Certain business expenses of performing artists pursuant to the Code, Section 62(a)(2)(B);

(c) Certain business expenses of government officials pursuant to the Code, Section 62(a)(2)(C);

(d) Certain business expenses of reservists pursuant to the Code, Section 62(a)(2)(E);

(e) Health savings account deductions pursuant to the Code, Section 62(a)(16) and Section 62(a)(19);

(f) Moving expenses pursuant to the Code, Section 62(a)(15);

(g) The deductible part of self-employment tax pursuant to the Code, Section 164(f);

(h) The deduction for self-employed SEP, SIMPLE and qualified plans pursuant to the Code, Section 62(a)(6);

(i) The self-employed health insurance deduction pursuant to the Code, Section 162(1);

- (j) The penalty for early withdrawal of savings pursuant to the Code, Section 62(a)(9);
- (k) Alimony paid pursuant to the Code, Section 62(a)(10);
- (l) The IRA deduction pursuant to the Code, Section 62(a)(7);
- (m) The student loan interest deduction pursuant to the Code, Section 62(a)(17);
- (n) The tuition and fees deduction pursuant to the Code, Section 62(a)(18); and
- (o) The domestic production activities deduction pursuant to the Code, Section 199.

**Sec. D-17. 36 MRSA § 5218**, as amended by PL 2015, c. 267, Part DD, § 24 and affected by §34, is further amended to read:

**§5218. Income tax credit for child care expenses**

**1. Resident taxpayer.** ~~A—For tax years beginning before January 1, 2018, a resident individual is allowed a credit against the tax otherwise due under this Part in the amount of 25% of the federal tax credit allowable for child and dependent care expenses in the same tax year, except that for tax years beginning in 2003, 2004 and 2005, the applicable percentage is 21.5% instead of 25%.~~

For tax years beginning on or after January 1, 2018, a resident individual is allowed a credit against the tax otherwise due under this Part in the amount of 50% of the federal tax credit allowable for child and dependent care expenses in the same tax year.

**2. Nonresident taxpayer.** ~~A—For tax years beginning before January 1, 2018, a nonresident individual is allowed a credit against the tax otherwise due under this Part in the amount of 25% of the federal tax credit allowable for child and dependent care expenses multiplied by the ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income, as modified by section 5122, except that for tax years beginning in 2003, 2004 and 2005, the applicable percentage is 21.5% instead of 25%.~~

For tax years beginning on or after January 1, 2018, a nonresident individual is allowed a credit against the tax otherwise due under this Part in the amount of 50% of the federal tax credit allowable for child and dependent care expenses multiplied by the ratio of the individual's Maine adjusted gross income, as defined in section 5102, subsection 1-C, paragraph B, to the individual's entire federal adjusted gross income, as modified by section 5122.

**2-A. Part-year resident taxpayer.** ~~An—For tax years beginning before January 1, 2018, an individual who files a return as a part-year resident in accordance with section 5224-A is allowed a credit against the tax otherwise due under this Part in the amount of 25%, except that for tax years beginning in 2003, 2004 and 2005 the applicable percentage is 21.5%, instead of 25%, of the~~

federal tax credit allowable for child and dependent care expenses multiplied by a ratio, the numerator of which is the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph A for that portion of the taxable year during which the individual was a resident plus the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph B for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire federal adjusted gross income, as modified by section 5122.

For tax years beginning on or after January 1, 2018, an individual who files a return as a part-year resident in accordance with section 5224-A is allowed a credit against the tax otherwise due under this Part in the amount of 50% of the federal tax credit allowable for child and dependent care expenses multiplied by a ratio, the numerator of which is the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph A for that portion of the taxable year during which the individual was a resident plus the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph B for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire federal adjusted gross income, as modified by section 5122.

**3. Quality child care services.** For tax years beginning before January 1, 2018, the ~~The~~ credit provided by subsections 1, 2 and 2-A doubles in amount if the child care expenses were incurred through the use of quality child care services as defined in section 5219-Q, subsection 1.

**4. Refund.** The credit allowed by this section may result in a refund of up to \$500 except, in the case of a nonresident individual, the credit may not reduce the Maine income tax to less than zero. In the case of an individual who files a return as a part-year resident in accordance with section 5224-A, the refundable portion of the credit may not exceed \$500 multiplied by a ratio, the numerator of which is the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph A for that portion of the taxable year during which the individual was a resident plus the individual's Maine adjusted gross income as defined in section 5102, subsection 1-C, paragraph B for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire federal adjusted gross income, as modified by section 5122.

**Sec. D-18. 36 MRSA § 5219-KK, first ¶,** as enacted by PL 2013, c. 551, § 3, is amended to read:

For tax years beginning on or after January 1, 2014 and before January 1, 2018, a Maine resident individual is allowed a property tax fairness credit as computed under this section against the taxes imposed under this Part.

**Sec. D-19. 36 MRSA § 5219-OO** is enacted to read:

**§5219-OO. Property tax fairness credit for tax years beginning on or after January 1, 2018**



For tax years beginning on or after January 1, 2018, a Maine resident individual is allowed a property tax fairness credit as computed under this section against the taxes imposed under this Part.

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Benefit base" means property taxes paid by a resident individual during the tax year on the resident individual's homestead in this State or rent constituting property taxes paid by the resident individual during the tax year on a homestead in the State, up to \$2,000 for persons claiming no more than 1 personal exemption and \$2,700 for persons claiming 2 or more personal exemptions.

B. "Dwelling" means an individual house or apartment, duplex unit, cooperative unit, condominium unit, mobile home or mobile home pad.

C. "Homestead" means the dwelling owned or rented by a taxpayer or held in a revocable living trust for the benefit of the taxpayer and occupied by the taxpayer and the taxpayer's dependents as a home and may consist of a part of a multidwelling or multipurpose building and a part of the land, up to 10 acres, upon which it is built. For purposes of this paragraph, "owned" includes a vendee in possession under a land contract, one or more joint tenants or tenants in common and possession under a legally binding agreement that allows the owner of the dwelling to transfer the property but continue to occupy the dwelling as a home until some future event stated in the agreement.

D. "Income" means federal adjusted gross income increased by the following amounts:

(1) Interest received to the extent not included in federal adjusted gross income;

(2) Payments received under the federal Social Security Act and railroad retirement benefits to the extent not included in federal adjusted gross income; and

(3) The following amounts deducted in arriving at federal adjusted gross income:

(a) Educator expenses pursuant to the Code, Section 62(a)(2)(D);

(b) Certain business expenses of performing artists pursuant to the Code, Section 62(a)(2)(B);

(c) Certain business expenses of government officials pursuant to the Code, Section 62(a)(2)(C);

(d) Certain business expenses of reservists pursuant to the Code, Section 62(a)(2)(E);

(e) Health savings account deductions pursuant to the Code, Section 62(a)(16) and Section 62(a)(19);

- (f) Moving expenses pursuant to the Code, Section 62(a)(15);
- (g) The deductible part of self-employment tax pursuant to the Code, Section 164(f);
- (h) The deduction for self-employed SEP, SIMPLE and qualified plans pursuant to the Code, Section 62(a)(6);
- (i) The self-employed health insurance deduction pursuant to the Code, Section 162(l);
- (j) The penalty for early withdrawal of savings pursuant to the Code, Section 62(a)(9);
- (k) Alimony paid pursuant to the Code, Section 62(a)(10);
- (l) The IRA deduction pursuant to the Code, Section 62(a)(7);
- (m) The student loan interest deduction pursuant to the Code, Section 62(a)(17);
- (n) The tuition and fees deduction pursuant to the Code, Section 62(a)(18); and
- (o) The domestic production activities deduction pursuant to the Code, Section 199.

E. "Rent constituting property taxes" means 15% of the gross rent actually paid in cash or its equivalent during the tax year for the individual's homestead in the State. For the purposes of this paragraph, "gross rent" means rent paid at arm's length. If the landlord and tenant have not dealt with each other at arm's length, and the assessor is satisfied that the gross rent charged was excessive, the assessor may adjust the gross rent to a reasonable amount for purposes of this section.

**2. Credit.** A resident individual is allowed a credit against the taxes imposed under this Part in an amount equal to the greater of:

A. 100% of the amount by which the benefit base for the resident individual exceeds 5% of the resident individual's income. The credit may not exceed \$750 for resident individuals under 65 years of age as of the last day of the taxable year or \$1,000 for resident individuals 65 years of age and older as of the last day of the taxable year. In the case of married individuals filing a joint return, only one spouse is required to be 65 years of age or older to qualify for the \$1,000 credit limitation; or

B. 100% of the benefit base, up to \$400, for resident individuals who are 65 years of age and older as of the last day of the taxable year and whose income does not exceed \$20,000. In the case of married individuals filing a joint return, only one spouse is required to be 65 years of age or older to qualify for the \$400 credit limitation.

**3. Refundability of credit.** The tax credit under this section is refundable.

**4. Limitation.** The following individuals do not qualify for the credit under this section:

A. Married taxpayers filing separate returns; or

B. Individuals who do not qualify as resident individuals:

(1) for the entire tax year; or

(2) because they do not meet the requirements of section 5102, subsection 5, paragraph A.

**Sec. D-20. 36 MRSA § 5403, sub-§ 1, ¶A** as enacted by PL 2015, c. 267, Pt. DD, §33, is amended to read:

~~A. Beginning in~~ In 2016 and each year thereafter, by the lowest dollar amounts of the tax rate tables specified in section 5111, subsections 1-F, 2-F and 3-F, except that for the purposes of this paragraph, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2015; and

**Sec. D-21. 36 MRSA § 5403, sub-§ 1, ¶A-1** is enacted to read:

A-1. In 2017 and 2018, by the dollar amounts of the tax rate tables specified in section 5111, subsections 1-G, 2-G and 3-G, except that for the purposes of this paragraph, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2015;

**Sec. D-22. 36 MRSA § 5403, sub-§ 1, ¶B** as enacted by PL 2015, c. 267, Pt. DD, § 33, is repealed.

**Sec. D-23. 36 MRSA § 5403, sub-§ 6**, as enacted by PL 2015, c. 267, Pt. DD, § 33, is repealed and the following enacted in its place:

**6. Property tax fairness credit.** Beginning in 2018 and each year thereafter, the maximum benefit base amounts in section 5219-OO, subsection 1, paragraph A.

**Sec. D-24. 36 MRSA § 5403, sub-§ 7**, is enacted to read:

**7. Pension deduction.** Beginning in 2021 and each year thereafter, by the pension deduction amount defined in section 5122, subsection 2, paragraph M-2, subparagraph (2), division (d) with respect to tax years beginning on or after January 1, 2022;

**Sec. D-25. Immediate action.** Notwithstanding 20-A MRSA §15697, sub-§2, as enacted by IB 2015, c. 4, those sections of this Part that repeal and replace the Maine Revised Statutes, Title 36, § 5111, sub-§6 and amend the Maine Revised Statutes, Title 20-A, §15697, sub-§2 may be immediately acted upon in any manner by the Legislature.

**Sec. D-26. Retroactivity.** Those sections of this Part that repeal and replace the Maine Revised Statutes, Title 36, § 5111, sub-§6 and amend the Maine Revised Statutes, Title 20-A, § 15697, sub-§2 apply retroactively to January 1, 2017.

**Sec. D-27. Application.** That section of this Part that amends the Maine Revised Statutes, Title 36, section 5213-A, subsection 1, paragraph B applies to tax years beginning on or after January 1, 2018.

## **PART D SUMMARY**

This Part makes the following changes to the individual and corporate income taxes:

Section 1 removes the provisions directing the Treasurer of State to deposit surcharge revenue in the Fund to Advance Public Kindergarten to Grade 12 Education and removes the references to Title 36, section 5111, subsection 6 from Sec. 1 of IB 2015. c. 4, An Act to Establish the Fund to Advance Public Kindergarten to Grade 12 Education.

Sections 2 through 9 reduce the individual income tax rates over three years. The current rate structure consists of 5.8%, 6.75%, and 7.15% taxable income brackets. The proposed taxable income brackets for tax years beginning in 2018 and 2019 are 2.75% and 3.15% of Maine taxable income. The proposed income tax rate for tax years beginning on or after January 1, 2020 is 2.75% of Maine taxable income.

Sections 10 and 12 amend the income tax surcharge enacted by the citizens of Maine as part of IB 2015. c. 4, An Act to Establish the Fund to Advance Public Kindergarten to Grade 12 Education. The changes delay the tax years to which the surcharge applies from tax years beginning on or after January 1, 2017 to tax years beginning on or after January 1, 2018. It removes the provisions related to the transfer of surcharge revenue to the Fund to Advance Public Kindergarten to Grade 12 Education. The proposal also applies the surcharge to all individual income tax taxpayers, including fiduciary income tax taxpayers, regardless of taxable income amount. It further provides that notwithstanding 20-A MRSA §15697, sub-§2, the changes may be immediately acted upon in any manner by the Legislature. In addition, it repeals the provision that indicates that the surcharge must be imposed and collected regardless of whether the income tax brackets in this section are changed, replaced or eliminated by an act of the Legislature or by a measure approved by voters pursuant to the Constitution of Maine.

Section 11 increases the maximum Maine pension income deduction for non-military retirement plan benefits from \$10,000 to \$35,000 over a 5-year period beginning with the 2017 tax year. The \$35,000 deduction amount that applies to tax years beginning after 2021 is subject to an annual inflation adjustment.

Sections 13 and 14 reduce the corporate income tax rates for tax years beginning on or after January 1, 2018. The current rate structure for taxable corporations consists of 3.5%, 7.93%, 8.33% and 8.93% taxable income brackets; the proposed rate structure for tax years beginning on or after January 1, 2018 consists of 3.5%, 7.93% and 8.33% tax rate brackets.

Section 15 eliminates the corporate alternative minimum tax for tax years beginning after December 31, 2016.

Section 16 removes, for tax years beginning after 2017, the add-back of trade, capital and business losses included in federal gross income for the purposes of calculating income for the sales tax fairness credit.

Section 17 amends the income tax credit for child care expenses so that the credit for all child care expenses (whether or not quality child care expenses) is 50% of the federal child care credit for the taxable year. Under current law, the Maine credit is 25% of the federal child care credit unless the related child care expenses are considered quality child care expenses, in which case the Maine credit is 50% of the federal child care credit. As in current law, the credit is refundable up to \$500. The change applies to tax years beginning after December 31, 2017.

Sections 18 and 19 make the following changes to the property tax fairness credit for tax years beginning on or after January 1, 2018:

1. Removes the add-back of trade, capital and businesses losses to income.
2. Changes the benefit base (the maximum property tax paid or rent constituting maximum property tax paid that may be claimed for the credit) to \$2,000 for taxpayers claiming no more than one personal exemption and \$2,700 for taxpayers claiming more than one personal exemption. The amounts are subject to an annual inflation adjustment. Currently, the benefit base is limited to \$2,000 for taxpayers filing single, \$2,600 for taxpayers filing married joint or heads of households claiming no more than 2 personal exemptions, and \$3,200 for taxpayers filing married joint or heads of households claiming 3 or more personal exemptions.
3. Increases the credit amount from 50% of the benefit base that exceeds 6% of income to 100% of the benefit base that exceeds 5% of income.
4. Increases the maximum credit to \$750 for individuals younger than 65 and \$1,000 for individuals 65 or older. The maximum credit is currently \$600 and \$900, respectively. Additionally, otherwise qualified individual who are 65 or older and whose income does not exceed \$20,000 will qualify for a minimum refund equal to the benefit base up

to \$400.

5.Restricts married individuals filing separate returns from claiming the property tax fairness credit.

6.Limits the credit to individuals who were Maine residents for the entire tax year.

7.Eliminates the rent reduction for taxpayers whose rent includes heat, utilities, snowplowing and other similar items.

**Amend LD 390 Part E by deleting the current Part and replacing with the following:**

## **PART E**

**Sec. E-1. 5 MRSA §13090-K, sub-§2**, as amended by PL 2015, c. 267, Pt. OOOO, § 1 and affected by § 7, is repealed the following is enacted in its place:

2. Source of fund. Beginning October 1, 2013 and every October 1st thereafter until, and including, October 1, 2017, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 8% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the last 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund as described by Title 30-A, section 5681, subsection 5.

Beginning July 1, 2014 and every July 1st thereafter until, and including, July 1, 2017, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 8% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the first 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund as described by Title 30-A, section 5681, subsection 5.

On July 1, 2018, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 8% tax imposed on prepared food for the first 6 months of the prior fiscal year plus 5% of the 9% tax imposed on the rental of living quarters between July 1, 2017 and September 30, 2017 and 5% of the 10% tax imposed on the rental of living quarters between October 1, 2017 and December 31, 2017 pursuant to Title 36, section 1811 after the reduction for the transfer to the Local Government Fund as described by Title 30-A, section 5681, subsection 5.

Beginning October 1, 2018 and every October 1st thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 8% tax imposed on prepared food and 5% of the 10% tax imposed on the rental of living quarters pursuant to Title 36, section 1811, for the last 6 months of the prior fiscal year after the reduction for the transfer to the Local Government Fund as described by Title 30-A, section 5681, subsection 5.

Beginning July 1, 2019 and every July 1st thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 8% tax imposed on prepared food and 5% of the 10% tax imposed on the rental of living quarters pursuant to Title 36, section 1811, for the first six months of the prior fiscal year after the reduction for the transfer to the Local Government Fund as described by Title 30-A, section 5681, subsection 5.

The tax amount must be based on actual sales for that fiscal year and may not consider any accruals that may be required by law. The amount transferred from General Fund sales and use tax revenues does not affect the calculation for the transfer to the Local Government Fund.

**Sec. E-2. 36 MRSA §1752, sub-§ 8-A**, as repealed and replaced by PL 2001, c. 439, Pt. TTTT, § 1 and affected by § 3, is amended to read:

**8-A. Prepared food.** "Prepared food" means:

- A. Meals served on or off the premises of the retailer;
- B. Food and drinks that are prepared by the retailer and ready for consumption without further preparation;
- C. All food and drinks sold ~~from an establishment whose~~ by a retailer at a particular retail location when the sales of food and drinks at that location that are prepared by the retailer account for more than 75% of the establishment's gross receipts reported with respect to that location by the retailer, and-
- D. Liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43.

"Prepared food" does not include bulk sales of grocery staples.

**Sec. E-3. 36 MRSA §1811** as amended by PL 2015, c. 300, Pt. A, §25, is repealed and the following is enacted in its place:

**§1811. Sales tax**

A tax is imposed on the value of all tangible personal property and taxable services sold at retail in this State. Value is measured by the sale price, except as otherwise provided by this section.

A. For sales occurring on or after October 1, 2013 and before January 1, 2016, the rate of tax is:

**1. Prepared food and liquor sold in licensed establishments.** 8% on the value of prepared food and 8% on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43;

**2. Rental of living quarters.** 8% on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp;

**3. Motor vehicle rental.** 10% on the value of rental for a period of less than one year of an automobile, of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged in the business of renting automobiles or of a loaner vehicle that is provided other than to a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's warranty; and

**4. Other personal property and certain services.** 5.5% on the value of all other tangible personal property and taxable services.

B. For sales occurring on or after January 1, 2016 and before October 1, 2017, the rate of tax is:

**1. Prepared food and liquor sold in licensed establishments.** 8% on the value of prepared food and 8% on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43;

**2. Rental of living quarters.** 9% on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp;

**3. Motor vehicle rental.** 10% on the value of rental for a period of less than one year of an automobile, of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged in the business of renting



automobiles or of a loaner vehicle that is provided other than to a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's warranty; and  
**4. Other personal property and certain services.** 5.5% on the value of all other tangible personal property and taxable services.

C. For sales occurring on or after October 1, 2017, the rate of tax is:

**1. Prepared food.** 8% on the value of prepared food;

**2. Rental of living quarters.** 10% on the value of rental of living quarters in any hotel, rooming house or tourist or trailer camp;

**3. Motor vehicle rental.** 10% on the value of rental for a period of less than one year of an automobile, of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged in the business of renting automobiles or of a loaner vehicle that is provided other than to a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's warranty; and

**4. Other personal property and certain services.** 5.5% on the value of all other tangible personal property and taxable services.

The value of rental for a period of less than one year of an automobile or of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds rented from a person primarily engaged in the business of renting automobiles is the total rental charged to the lessee and includes, but is not limited to, maintenance and service contracts, drop-off or pick-up fees, airport surcharges, mileage fees and any separately itemized charges on the rental agreement to recover the owner's estimated costs of the charges imposed by government authority for title fees, inspection fees, local excise tax and agent fees on all vehicles in its rental fleet registered in the State. All fees must be disclosed when an estimated quote is provided to the lessee.

The value of the rental or lease of an automobile for one year or more is the following: the total monthly lease payment multiplied by the number of payments in the lease or rental, the amount of equity involved in any trade-in and the value of any cash down payment. Collection and remittance of the tax is the responsibility of the person that negotiates the lease transaction with the lessee.

The tax imposed upon the sale and distribution of gas, water or electricity by any public utility, the rates for which sale and distribution are established by the Public Utilities Commission, must be added to the rates so established.

**Sec. E-4.** 36 MRSA §1752, sub-§1-C, as amended by PL 2011, c. 240, §16, is repealed and replaced with the following:

**1-C. Business.** "Business" means a commercial activity engaged in as a means of livelihood or profit, or an entity that engages in such activities.

**Sec. E-5.** 36 MRSA §1752, sub-§2-F is enacted to read:

**2-F. Household services.**

Except as otherwise provided in this subsection, “household services” means the following services performed on or about the premises concerned with the operation of a household:

- A. Interior home decorating, painting, design services, cleaning and organizing services;
- B. Property maintenance services including but not limited to exterior home cleaning and maintenance, snow plowing or removal, and cleaning and maintenance of windows, drains, gutters, chimneys, swimming pools, and hot tubs;
- C. Landscaping and horticultural services, including but not limited to gardening, garden design, lawn care services, tree trimming and tree removal;
- D. Insect and pest control services;
- E. Home automation services, including but not limited to home electronic services and audio-visual design and installation services;
- F. Locksmithing, alarm services, and home security services and monitoring systems services, including but not limited to design, installation, servicing and repair; and
- G. Private waste management services and remediation services; and
- H. Domestic staffing services, including but not limited to those provided by cooks, maids, butlers, and gardeners. “Domestic staffing services” does not include in-home care services, such as those provided by nannies, babysitters and adult dependent caregivers, for individuals residing within the household.

**Sec. E-6. 36 MRSA §1752, sub-§4-A** is enacted to read:

**4-A. Installation, repair and maintenance services.** “Installation, repair and maintenance services” means all services involved in the installation, repair and maintenance of tangible personal property other than motor vehicles, watercraft and aircraft, including service and maintenance contracts pertaining to such tangible personal property. For purposes of this subsection, “motor vehicles” does not include snowmobiles and all-terrain vehicles.

“Installation, repair and maintenance services” does not include installation, repair or maintenance services subject to the service provider tax pursuant to chapter 358.

**Sec. E-7. 36 MRSA §1752, sub-§7-F** is enacted to read:

**7-F. Personal services.** “Personal services” means:

- A. All services provided by barber shops, hair salons, nail salons, tanning salons, massage parlors, spas, and body piercing and tattoo parlors, regardless of where performed including, but not limited to manicure and pedicure services, airbrushing, fills, full sets, nail sculpting, paraffin treatments, polishes, body waxing and wraps, peels, scrubs and facials;
- B. Event planning services, including but not limited to all services related to weddings and commitment ceremonies;
- C. Dating, escort and social introduction services;
- D. Diet and nonmedical weight-reducing services;
- E. Personal delivery services;
- F. Travel arrangement and reservation service; and
- G. Psychic reading, tarot card reading, astrology, reflexology, and palm reading services;

“Personal services” does not include services provided through a transient rental platform.

**Sec. E-8. 36 MRSA §1752, sub-§7-G** is enacted to read:

**7-G. Personal property services.** “Personal property services” means the following services performed with regard to tangible personal property:

A. Dry cleaning, laundry and diaper services, not including self-service laundry services;

B. Embroidery, monogramming, silk screening and clothing alterations;

C. Vehicle cleaning and detailing services;

D. Pressure cleaning and washing;

E. Pet services including, but not limited to, exercising, sitting, training, grooming and boarding for nonmedical purposes;

F. Mounting and framing services;

G. Furniture and rug cleaning;

H. Stripping and reupholstering of furniture;

I. Restoration services, including art restoration and conservation services and photographic restoration services;

J. Warehousing and storage fees, including but not limited to the rental of storage units, warehouse space, watercraft slips and watercraft mooring space;

K. Motor vehicle parking and garaging services provided on a contractual, hourly, or other periodic basis;

L. Moving services, including packing and crating; and

M. Vehicle towing.

“Personal property services” does not include fabrication services, residential parking services, or charges collected through on-street parking meters.

For purposes of this subsection, “residential parking services” means parking provided to the occupants of a residence who park on the same premises that constitute their primary residence. “Same premises” is defined as an area within the residence, an area adjacent to the residence, or any area owned or leased by the landlord, condominium association, or cooperative for the purpose of providing parking for its residents. “Residence” means a single family home, a duplex, a condominium unit, cooperative unit, a townhouse unit, a school dormitory, an apartment, or a mobile home used by a person or persons as a place of primary residence or abode. Residence does not include a hotel, motel, summer camp, resort lodge, or other dwellings of a temporary or transient nature.

**Sec. E-9. 36 MRSA §1752, sub-§9-G** is enacted to read:

**9-G. Recreation and amusement services.**

A. Except as otherwise provided in this subsection, “recreation and amusement services” means:

(1) The right of admission to an amusement venue or event of any kind including but not limited to a museum, planetarium, theater, concert, festival, amusement

park, water park, theme park, miniature golf course, go-cart or bumper car course, fair, race track, carnival, circus, game, stadium, convention center, bar, comedy club, animal park, petting zoo, and aquarium;

(2) The right of participation in a sport, game or other recreational activity of any kind including but not limited to golf; swimming; skiing; skating; tennis and other racket sports; billiards; shooting; archery; disc golf; laser tag; bowling; paintball; horseback riding; guided hunting and fishing; ballooning; hang gliding; sky diving; paragliding and parasailing; bungee jumping and zip lining; and scuba diving, snorkeling, and other water sports;

(3) The right of admission as a spectator to an athletic event of any kind, including any charge for a seat license, skybox, luxury suite, or any other accommodation, whether styled as a license, lease, rental or otherwise;

(4) The right of admission to a show or exhibition of any kind including but not limited to animal, antique, arts and crafts, auto, book, boat, camping, collectibles, flower, garden, home, and trade shows; and

(5) The right of membership in a club, association, or other organization if the club, association, or other organization makes sports, athletic, or fitness facilities of any kind available for the use of its members, without regard to whether a separate charge is assessed for use of the facilities;

Right of membership means both onetime initiation fees and periodic membership dues.

B. "Recreation and amusement services" does not include:

(1) Admissions to events or receipts from activities sponsored and operated by primary or secondary schools or related clubs or supporting organizations approved or supervised by the school when the entire net proceeds are spent for the benefit of the students. However, receipts from tangible personal property sold at such events or activities are included in the measure of sales tax at the time of purchase by the school or related club or supporting organization;

(2) The right of admission to a licensed agricultural fair or the right of participation in any events or activities organized by a school or incorporated nonprofit organization occurring at such a fair if all the proceeds from the event or activity are used for the charitable purposes of the school or incorporated nonprofit organization;

(3) The right of participation in guided recreation, other than guided hunting and fishing, and of providing tours and rides for recreation and amusement, such as rides in aircraft, balloons, trains, watercraft, buses and wagons, whose primary purpose is to provide sight-seeing, recreation and amusement, as opposed to passenger transportation;

(4) The value of wagers in a casino or pari-mutual betting facility or the value of lottery tickets sold by licensed lottery sales agents and lottery retailers authorized by the state Lottery Commission;

(5) Reasonable and separately stated charges for instruction in the arts or in a sport, game or other recreational activity; or

(6) Services provided to campers by youth camps licensed by the Department of Health and Human Services and defined in Title 22, section 2491, subsection 16.

**Sec. E-10. 36 MRSA §1752, sub-§11**, as amended by PL 2015, c. 390, §5, is further amended to read:

**11. Retail sale.** "Retail sale" means any sale of tangible personal property or a taxable service in the ordinary course of business.

A. "Retail sale" includes:

- (1) Conditional sales, installment lease sales and any other transfer of tangible personal property when the title is retained as security for the payment of the purchase price and is intended to be transferred later;
- ~~(2) Sale of products for internal human consumption to a person for resale through vending machines when sold to a person more than 50% of whose gross receipts from the retail sale of tangible personal property are derived from sales through vending machines. The tax must be paid by the retailer to the State;~~
- (3) A sale in the ordinary course of business by a retailer to a purchaser who is not engaged in selling that kind of tangible personal property or taxable service in the ordinary course of repeated and successive transactions of like character; and
- (4) The sale or liquidation of a business or the sale of substantially all of the assets of a business, to the extent that the seller purchased the assets of the business for resale, lease or rental in the ordinary course of business, except when:
  - (a) The sale is to an affiliated entity and the transferee, or ultimate transferee in a series of transactions among affiliated entities, purchases the assets for resale, lease or rental in the ordinary course of business; or
  - (b) The sale is to a person that purchases the assets for resale, lease or rental in the ordinary course of business or that purchases the assets for transfer to an affiliate, directly or through a series of transactions among affiliated entities, for resale, lease or rental by the affiliate in the ordinary course of business.

For purposes of this subparagraph, "affiliate" or "affiliated" includes both direct and indirect affiliates.

B. "Retail sale" does not include:

- (1) Any casual sale;
- (2) Any sale by a personal representative in the settlement of an estate unless the sale is made through a retailer or the sale is made in the continuation or operation of a business;
- (3) The sale, to a person engaged in the business of renting automobiles, of automobiles, integral parts of automobiles or accessories to automobiles, for rental or for use in an automobile rented for a period of less than one year. For the purposes of this subparagraph, "automobile" includes a pickup truck or van with a gross vehicle weight of less than 26,000 pounds;
- (4) The sale, to a person engaged in the business of renting video media and video equipment, of video media or video equipment for rental;
- (5) The sale, to a person engaged in the business of renting or leasing automobiles, of automobiles for rental or lease for one year or more;

- (6) The sale, to a person engaged in the business of providing cable or satellite television services or satellite radio services, of associated equipment for rental or lease to subscribers in conjunction with a sale of cable or satellite television services or satellite radio services;
- (7) The sale, to a person engaged in the business of renting furniture or audio media and audio equipment, of furniture, audio media or audio equipment for rental pursuant to a rental-purchase agreement as defined in Title 9-A, section 11-105;
- (8) The sale of loaner vehicles to a new vehicle dealer licensed as such pursuant to Title 29-A, section 953;
- ~~(9) The sale of automobile repair parts used in the performance of repair services on an automobile pursuant to an extended service contract sold on or after September 20, 2007 that entitles the purchaser to specific benefits in the service of the automobile for a specific duration;~~
- (10) The sale, to a retailer that has been issued a resale certificate pursuant to section 1754-B, subsection 2-B or 2-C, of tangible personal property for resale in the form of tangible personal property, except resale as a casual sale;
- (11) The sale, to a retailer that has been issued a resale certificate pursuant to section 1754-B, subsection 2-B or 2-C, of a taxable service for resale, except resale as a casual sale;
- (12) The sale, to a retailer that is not required to register under section 1754-B, of tangible personal property for resale outside the State in the form of tangible personal property, except resale as a casual sale;
- (13) The sale, to a retailer that is not required to register under section 1754-B, of a taxable service for resale outside the State, except resale as a casual sale;
- (14) The sale of repair parts used in the performance of repair services on telecommunications equipment as defined in section 2551, subsection 19 pursuant to an extended service contract that entitles the purchaser to specific benefits in the service of the telecommunications equipment for a specific duration;
- (15) The sale of positive airway pressure equipment and supplies for rental for personal use to a person engaged in the business of renting positive airway pressure equipment;
- (16) The sale, to a person engaged in the business of renting or leasing motor homes, as defined in Title 29-A, section 101, subsection 40, or camper trailers, of motor homes or camper trailers for rental;~~or~~
- ~~(17) The sale of truck repair parts used in the performance of repair services on a truck pursuant to an extended service contract that entitles the purchaser to specific benefits in the service of the truck for a specific duration.~~
- (18) The sale of labor and parts used in the performance of repair services and included under a taxable service contract or maintenance contract sold on or after January 1, 2018; or
- (19) The sale of a service performed by an employee for his or her employer in the regular course of business, within the scope of the employee's duties, and for which the employee is paid his or her regular wages or salary.

**Sec. E-11. 36 MRSA §1752, sub-§14, ¶B**, as repealed and replaced by PL 2015, c. 494,

Pt. A, §44, is amended to read:

B. "Sale price" does not include:

- (1) Discounts allowed and taken on sales;
- (2) Allowances in cash or by credit made upon the return of merchandise pursuant to warranty;
- (3) The price of property returned by customers, when the full price is refunded either in cash or by credit;
- ~~(4) The price received for labor or services used in installing or applying or repairing the property sold, if separately charged or stated;~~
- (5) Any amount charged or collected, in lieu of a gratuity or tip, as a specifically stated service charge, when that amount is to be disbursed by a hotel, restaurant or other eating establishment to its employees as wages;
- (6) The amount of any tax imposed by the United States on or with respect to retail sales, whether imposed upon the retailer or the consumer, except any manufacturers', importers', alcohol or tobacco excise tax;
- (7) The cost of transportation from the retailer's place of business or other point from which shipment is made directly to the purchaser, provided that those charges are separately stated and the transportation occurs by means of common carrier, contract carrier or the United States mail;
- (8) Any amount charged or collected by a person engaged in the rental of living quarters as a forfeited room deposit or cancellation fee if the prospective occupant of the living quarters cancels the reservation on or before the scheduled date of arrival;
- (9) Any amount charged for the disposal of used tires;
- (10) Any amount charged for a paper or plastic single-use carry-out bag; or
- (11) Any charge, deposit, fee or premium imposed by a law of this State.

**Sec. E-12. 36 MRSA §1752, sub-§17-B**, as amended by PL 2013, c. 156, §2, is repealed and the following enacted in its place:

**17-B. Taxable service.** "Taxable service" means the sale of:

- A. The rental of living quarters in a hotel, rooming house or tourist or trailer camp;
- B. The transmission and distribution of electricity;
- C. Prepaid calling service;
- D. Recreation and amusement services;
- E. Installation, repair and maintenance services;
- F. Personal services;
- G. Household services;
- H. Personal property services;
- I. The rental or lease of an automobile, a camper trailer, or a motor home, as defined in Title 29-A, section 101, subsection 40;
- J. The rental or lease of a pickup truck or van with a gross vehicle weight of less than 26,000 pounds from a person primarily engaged in the business of renting automobiles;
- K. An extended service contract on an automobile or truck that entitles the purchaser to specific benefits in the service of the automobile or truck for a specific duration; and

L. The sale of access to an online publication, whether single use or by subscription, to an end user that does not have the right of permanent use granted by the seller, and in the case of a subscription, the right of access is contingent on continued payments by the purchaser.

**Sec. E-13. 36 MRSA §1752-B**, is enacted to read:

**§1752-B. Sourcing of sales**

Retail sales are sourced pursuant to this section.

**1. Sourcing rules.**

A. If the product or service is received by the purchaser at a business location of the seller, the sale is sourced to that business location.

B. If the product or service is not received by the purchaser at a business location of the seller, the sale is sourced to the location where receipt by the purchaser or the purchaser's designated donee occurs, including the location indicated by instructions for delivery to the purchaser or the purchaser's designated donee.

C. If paragraphs A and B do not apply, the sale is sourced to the location indicated by an address for the purchaser that is available from the business records of the seller that are maintained in the ordinary course of the seller's business, provided that use of this address does not constitute bad faith.

D. If paragraphs A through C do not apply, the sale is sourced to the location indicated by an address for the purchaser obtained during the consummation of the sale, including the address of the purchaser's payment instrument if no other address is available and the use of this address does not constitute bad faith.

E. In circumstances where none of the previous rules apply, including the circumstance in which the seller is without sufficient information to apply those rules, the location of the sale is determined by the address from which tangible personal property was shipped, from which the service was provided, or from which a product transferred electronically was first available for transmission by the seller, disregarding for sourcing purposes any location that merely provided the digital transfer of the product.

**2. Exclusions.** This section does not apply to lease or rental transactions.

**3. Definitions.** For the purposes of this section the terms "receive" and "receipt" mean:

A. Taking possession of tangible personal property;

B. Making first use of a service; or

C. Taking possession or making first use of a product transferred electronically.

The terms "receive" and "receipt" do not include possession by a shipping company on behalf of the purchaser.



**Sec. E-14. 36 MRSA §1754-B, sub-§1-B** is enacted to read:

**1-B. Persons provisionally not required to register.**

(1) A person who has never held a registration certificate and whose combined calendar year gross sales of tangible personal property and taxable services are expected to be less than \$3,000 may postpone registration subject to the provisions of paragraph 2.

(2) Notwithstanding subsection 1, every person whose actual combined calendar year gross sales of tangible personal property and taxable services exceeds \$3,000 must register pursuant to subsection 1 or 1-A, as required by those subsections, and collect and remit sales taxes pursuant to section 1811 on all taxable sales of tangible personal property or services in excess of \$3,000. This subsection does not apply to persons engaged in casual rentals of living quarters taxable pursuant to section 1764 or persons required to register for use tax reporting pursuant to section 1861.

**Sec. E-15. 36 MRSA §1760, sub-§32**, as amended by PL 1997, c. 557, Pt. D, §2 and affected by §4 and Pt. G, §1 is further amended to read:

**32. Machinery and equipment for research.** Sales of, and installation, repair and maintenance services performed on, machinery and equipment for use by the purchaser directly and exclusively in research and development in the experimental and laboratory sense and sales of, and installation, repair and maintenance services performed on, machinery, equipment, instruments and supplies for use by the purchaser directly and primarily in biotechnology applications, including the application of technologies such as recombinant DNA techniques, biochemistry, molecular and cellular biology, immunology, genetics and genetic engineering, biological cell fusion techniques and new bioprocesses using living organisms or parts of organisms to produce or modify products, improve plants or animals, develop microorganisms for specific uses, identify targets for small-molecule pharmaceutical development, transform biological systems and useful processes and products or to develop microorganisms for specific uses. Equipment and supplies used for biotechnology include but are not limited to microscopes, diagnostic testing materials, glasswares, chemical reagents, computer software and technical books and manuals. "Research and development" includes testing and evaluation for the purposes of approval and compliance with regulatory standards for biotechnological products or materials. "Research and development" does not include the ordinary testing or inspecting of materials or products for quality control, efficiency surveys, management studies, consumer surveys, advertising, promotions or research in connection with literary, historical or similar projects.

**Sec. E-16. 36 MRSA §1760, sub-§34**, as amended by PL 2005, c. 218, §23, is repealed.

**Sec. E-17. 36 MRSA §1760, sub-§101** is enacted to read:

**101. Business purchases of certain taxable services.** Sales of personal property services and sales of installation, repair and maintenance services to a business for use directly by that business.

**Sec. E-18. 36 MRSA §1752, sub-§11-B** is enacted to read:

**11-B. Room remarketer.** “Room remarketer” means a person who reserves, arranges for, offers, furnishes, collects, or receives consideration for the rental of living quarters in this State, whether directly or indirectly, pursuant to a written or other agreement with the owner, manager or operator of a hotel, rooming house or tourist or trailer camp.

**Sec. E-19. 36 MRSA §1752, sub-§14, ¶A**, as amended by PL 2007, c. 627, §43, is further amended to read:

A. “Sale price” includes:

- (1) Any consideration for services that are a part of a retail sale; and
- (2) All receipts, cash, credits and property of any kind or nature and any amount for which credit is allowed by the seller to the purchaser, without any deduction on account of the cost of the property sold, the cost of the materials used, labor or service cost, interest paid, losses or any other expenses; and
- (3) All consideration received for the rental of living quarters located in this State, including any service charge or other charge or amount required to be paid as a condition for occupancy, valued in money, whether received in money or otherwise and whether received by the owner, occupant, manager or operator of the living quarters, by a room remarketer, by a person that operates a transient rental platform, or by another person on behalf of any of the above.

**Sec. E-20. 36 MRSA §1752, sub-§20-C**, is enacted to read:

**20-C. Transient rental platform.** “Transient rental platform” means an electronic or other system, including an internet-based system, that allows the owner or occupant of living quarters in this State to offer the living quarters for rental and that provides a mechanism by which a person may arrange for the rental of the living quarters in exchange for payment either to the owner or occupant, the operator of the system, or another person on behalf of either of them.

**Sec. E-21. 36 MRSA §1754-B, sub-§1, ¶F**, as amended by 2005, c. 218, §19, is further amended to read:

F. Every person that manages or operates in the regular course of business or on a casual basis a hotel, rooming house or tourist or trailer camp in this State or that collects or receives rents ~~from~~ on behalf of a hotel, rooming house or tourist or trailer camp in this State;

**Sec. E-22. 36 MRSA §1754-B, sub-§1, ¶F-1** is enacted to read:

F-1. Every person that operates a transient rental platform and reserves, offers, furnishes, arranges for, collects, or receives consideration for the rental of living quarters in this State;

F-2. Every room remarketer;

**Sec. E-23. 30-A MRSA §5681, sub-§5** as amended by PL 2015, c. 267, Pt. K, §1 is further amended to read:

**5. Transfers to funds.** No later than the 10th day of each month, the State Controller shall transfer to the Local Government Fund 5% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8, and Title 36, section 2552, subsection 1, paragraphs A to F, ~~and L, N, and O~~ and credited to the General Fund without any reduction, except that for fiscal years 2015-16, 2016-17, 2017-18 and 2018-19 the amount transferred is 2% of the receipts during the previous month from the taxes imposed under Title 36, Parts 3 and 8, and Title 36, section 2552, subsection 1, paragraphs A to F, ~~and L, N, and O~~ and credited to the General Fund without any reduction, and except that the postage, state cost allocation program and programming costs of administering state-municipal revenue sharing may be paid by the Local Government Fund. A percentage share of the amounts transferred to the Local Government Fund each month must be transferred to the Disproportionate Tax Burden Fund and distributed pursuant to subsection 4-B as follows:

**Sec. E-24. 36 MRSA §2552, sub-§1** as amended by PL 2015, c. 300, Pt A, §32, is further amended to read:

**1. Rate.** Effective January 1, 2016, a tax at the rate of 6% is imposed on the value of the following services sold in this State:

- A. Cable and satellite television or radio services;
- B. Fabrication services;
- C. Rental of video media and video equipment;
- D. Rental of furniture, audio media and audio equipment pursuant to a rental-purchase agreement as defined in Title 9-A, section 11-105;
- E. Telecommunications services;
- F. The installation, maintenance or repair of telecommunications equipment;
- G. Private nonmedical institution services;
- H. Community support services for persons with mental health diagnoses;
- I. Community support services for persons with intellectual disabilities or autism;
- J. Home support services;
- L. Ancillary services; ~~and~~
- M. Group residential services for persons with brain injuries;:

N. Access to online video or audio content, whether single use or by subscription, to an end user that does not have the right of permanent use granted by the seller, and in the case of a subscription, the right of access is contingent on continued payments by the purchaser; and  
O. The service of providing guided recreation, other than guided hunting and fishing, and of providing tours and rides for recreation and amusement, such as rides in aircraft, balloons, trains, watercraft, buses and wagons, whose primary purpose is to provide sight-seeing, recreation and amusement, as opposed to passenger transportation.

**Sec. E-25. 36 MRSA §2559** as amended by PL 2015, c. 300, Pt. A, §35 is further amended to read:

Revenues derived by the tax imposed by this chapter must be credited to a General Fund suspense account. On or before the last day of each month, the State Controller shall transfer a percentage of the revenues received by the State Tax Assessor during the preceding month pursuant to the tax imposed by section 2552, subsection 1, paragraphs A to F, ~~and L~~, N, and O to the Local Government Fund as provided by Title 30-A, section 5681, subsection 5. The balance remaining in the General Fund suspense account must be transferred to service provider tax General Fund revenue. On or before the 15th day of each month, the State Controller shall transfer all revenues received by the assessor during the preceding month pursuant to the tax imposed by section 2552, subsection 1, paragraphs G to J and M to the Medical Care Services Other Special Revenue Funds account, the Other Special Revenue Funds Mental Health Services - Community Medicaid program, the Medicaid Services - Adult Developmental Services program and the Office of Substance Abuse - Medicaid Seed program within the Department of Health and Human Services.

**Sec. E-26. 36 MRSA §1760, sub-§60**, as amended by PL 1997, c. 545, §1, is further amended to read:

**60. Sales to incorporated nonprofit animal shelters.** Sales to incorporated nonprofit animal shelters ~~of tangible personal property used for use~~ in the operation and maintenance of those shelters or in the maintenance and care of any animal, including wildlife, housed in those shelters.

**Sec. E-27. 36 MRSA §1760, sub-§65**, as amended by PL 1993, c. 670, §6, is further amended to read:

**65. Monasteries and convents.** Sales ~~of tangible personal property~~ to incorporated nonprofit monasteries and convents for use in their operation and maintenance. For the purpose of this subsection, "monasteries" and "convents" means the dwelling places of communities of religious persons.

**Sec. E-28. 36 MRSA §1760-C** as amended by PL 2007, c. 437, §11, is further amended to read:

The tax exemptions provided by section 1760 to a person based upon its charitable, nonprofit or other public purposes apply only if the property or service purchased is intended to be used by the person primarily in the activity identified by the particular exemption. The tax

exemptions provided by section 1760 to a person based upon its charitable, nonprofit or other public purposes do not apply where title is held or taken by the person as security for any financing arrangement. The tax exemptions provided by section 1760 to a person based upon its charitable, nonprofit or other public purposes do not apply to the purchase of prepared food, the rental of living quarters, or the rental or lease of a motor vehicle. Exemption certificates issued by the State Tax Assessor pursuant to section 1760 must identify the exempt activity and must state that the certificate may be used by the holder only when purchasing property or services intended to be used by the holder primarily in the exempt activity. If the holder of an exemption certificate furnishes that certificate to a person for use in purchasing tangible personal property or taxable services that are physically incorporated in, and become a permanent part of, real property that is not used by the holder of the certificate primarily in the exempt activity, the State Tax Assessor may assess the unpaid tax against the holder of the certificate as provided in section 141. When an otherwise qualifying person is engaged in both exempt and nonexempt activities, an exemption certificate may be issued to the person only if the person has established to the satisfaction of the assessor that the applicant has adequate accounting controls to limit the use of the certificate to exempt purchases.

**Sec. E-29. Application.** This Part applies to sales occurring on or after January 1, 2018. Except those sections of this Part that repeal and replace the Maine Revised Statutes, Title 5, section 13090-K, subsection 2, that amend Title 36, section 1752, subsection 8-A, that repeal and replace Title 36, section 1811, that enact Title 36, section 1752, subsections 11-B and 20-C, that amend Title 36, section 1752, subsection 14, paragraph A and section 1754-B, subsection 1, paragraph F, and that enact Title 36, section 1754-B, subsection 1, paragraph F-1 apply to sales occurring on or after October 1, 2017.

## **PART E SUMMARY**

This Part does the following:

1. Sections 1 thru 3 increase the sales tax rate on lodging from 9% to 10% effective October 1, 2017.
2. Sections 4 thru 17 expand the sales tax to consumer services and provide equity among sales through vending machines.
3. Sections 18 thru 22 expand the provision for sellers required to register to collect and report sales taxes to include online real property rental platforms.
4. Sections 23 thru 25 modernize the service provider tax law to preserve the tax base on rentals of video and audio works to keep up with changes in technology and expand the service provider tax to certain recreation services.
5. Sections 26 thru 28 amend the sales tax exemptions for various non-profit entities to exclude from exemption purchases of prepared food, the rental of living quarters, and the rental of motor vehicles. It also aligns the treatment of monasteries, convents, and animal shelters with that of other nonprofits.

**Amend LD 390 Part G by deleting the current Part and replacing with the following:**

## **PART G**

**Sec. G-1. 36 MRSA §681, sub-§5** as enacted by PL 2005, c. 647, §3 and affected by § 5, is amended to read:

- 5. Qualifying shareholder.** "Qualifying shareholder" means a person who is-a:
- A. ~~Shareholder~~ A shareholder in a cooperative housing corporation that owns a homestead in this State;
  - B. ~~Shareholder for the preceding 12 months in the cooperative housing corporation specified in paragraph A; and~~
  - C. ~~Permanent~~ A permanent resident of this State; and
  - D. Age 65 or older as of April 1<sup>st</sup> of the year of exemption.

**Sec. G-2. 36 MRSA §682**, as enacted by PL 1997, c. 643, Pt. HHH, §3 and affected by §10, is amended to read:

### **§682. Permanent residency and age; factual determination by assessor**

The assessor shall determine whether an applicant has a permanent residence in this State and is 65 years of age or older. In making a determination as to the intent of an individual to establish a permanent residence in this State and the applicant's age, the assessor may consider the following:

- 1. Formal declarations.** Formal declarations of the applicant or any other individual;
- 2. Informal statements.** Informal statements of the applicant or any other individual;
- 3. Place of employment.** The place of employment of the applicant;
- 4. Previous permanent residence.** The previous permanent residence of the applicant and the date the previous permanent residency was terminated;
- 5. Voter registration.** The place where the applicant is registered to vote;
- 6. Driver's license or Maine State Identification Cards.** The place of issuance to the applicant of a driver's license or State identification card, the address listed on the license or card and the date of birth of the applicant;
- 7. Certificate of motor vehicle registration.** The place of issuance of a certificate of registration of a motor vehicle owned by the applicant and the address listed on the certificate;
- 8. Income tax returns.** The place of residence and additional standard deduction for age claimed on any income tax return filed by the applicant;
- 9. Motor vehicle excise tax.** The place of payment of a motor vehicle excise tax by the applicant;
- 10. Military residence.** A declaration by the applicant of permanent residence registered with any branch of the Armed Forces of the United States; ~~or~~

**11. Birth Certificate.** The birth date of the applicant.

**12. United States Passport or Passport Card.** The date of birth of the applicant.

**13. Concealed Fire Arms Permit.** The address listed and the date of birth of the applicant.

**14. Hunting and Fishing Licenses issued by the State of Maine Department of Inland Fisheries and Wildlife.** The date of birth of the applicant.

**Sec. G-3. 36 MRSA §683, sub-§1,** as amended by PL 2009, c. 213, Pt. YYY, §1 and affected by PL 2005, c. 652, Pt. A, §63, is further amended to read:

**1. Exemption amount for property tax years beginning before April 1, 2017.** For property tax years beginning before April 1, 2017, except ~~Except~~ for assessments for special benefits, the just value of \$10,000 of the homestead of a permanent resident of this State who has owned a homestead in this State for the preceding 12 months is exempt from taxation. In determining the local assessed value of the exemption, the assessor shall multiply the amount of the exemption by the ratio of current just value upon which the assessment is based as furnished in the assessor's annual return pursuant to section 383. If the title to the homestead is held by the applicant jointly or in common with others, the exemption may not exceed \$10,000 of the just value of the homestead, but may be apportioned among the owners who reside on the property to the extent of their respective interests. A municipality responsible for administering the homestead exemption has no obligation to create separate accounts for each partial interest in a homestead owned jointly or in common.

**Sec. G-4. 36 MRSA §683, sub-§1-B,** as enacted by PL 2015, c. 267, Pt. J, §1, is amended to read:

**1-B. Additional exemption.** A homestead eligible for an exemption under subsection 1 is eligible for an additional exemption of \$5,000 of the just value of the homestead for property tax years beginning on April 1, 2016 ~~and of \$10,000 of the just value of the homestead for property tax years beginning on or after April 1, 2017.~~

**Sec. G-5. 36 MRSA §683, sub-§1-C** is enacted to read:

**1-C. Exemption amount for property tax years beginning on or after April 1, 2017.** For property tax years beginning on or after April 1, 2017, except for assessments for special benefits, the just value of \$20,000 of the homestead of a permanent resident of this State who is 65 years of age or older by April 1<sup>st</sup> of the year of exemption is exempt from taxation. In determining the local assessed value of the exemption, the assessor shall multiply the amount of the exemption by the ratio of current just value upon which the assessment is based as furnished in the assessor's annual return pursuant to section 383. If the title to the homestead is held by the applicant jointly or in common with others, the exemption may not exceed \$20,000 of the just value of the homestead, but may be apportioned among the owners who reside on the property to the extent of their respective interests, provided the other owners qualify for the exemption under this subsection. A municipality responsible for administering the homestead exemption has no obligation to create separate accounts for each partial interest

in a homestead owned jointly or in common. If a taxpayer claiming the exemption dies, the taxpayer's surviving spouse may continue to claim the exemption notwithstanding the age requirement in this subsection so long as the homestead remains the surviving spouse's permanent residence.

**Sec. G-6. 36 MRSA §683, sub-§§3 and 4**, as amended by PL 2015, c. 390, §2, are further amended to read:

**3. Effect on state valuation.** For property tax years beginning before April 1, 2017, 50% of the just value of all the homestead exemptions under this subchapter must be included in the annual determination of state valuation under sections 208 and 305. For property tax years beginning on or after April 1, 2017, ~~62.5%~~ 50% of the just value of all the homestead exemptions under this subchapter must be included in the annual determination of state valuation under sections 208 and 305.

**4. Property tax rate.** For property tax years beginning before April 1, 2017, 50% of the just value of all the homestead exemptions under this subchapter must be included in the total municipal valuation used to determine the municipal tax rate. For property tax years beginning on or after April 1, 2017, ~~62.5%~~ 50% of the just value of all the homestead exemptions under this subchapter must be included in the total municipal valuation used to determine the municipal tax rate. The municipal tax rate as finally determined may be applied to only the taxable portion of each homestead qualified for that tax year.

**Sec. G-7. 36 MRSA §683, sub-§5**, as amended by PL 2015, c. 267, Pt. J, §3, is further amended to read:

**5. Determination of exemption for cooperative housing corporation.** A cooperative housing corporation may apply for an exemption under this subchapter to be applied against the valuation of property of the corporation that is occupied by qualifying shareholders. The application must include a list of all qualifying shareholders and must be updated annually to reflect changes in the ownership, age and residency of qualifying shareholders. The exemption is equal to the amount specified in either subsections 1 and 1-B or subsection 1-C, as applicable, multiplied by the number of units in the cooperative property occupied by qualifying shareholders. A cooperative housing corporation that receives an exemption pursuant to this section shall apportion the property tax reduction resulting from the exemption among the qualifying shareholders on a per unit basis. Any supplemental assessment resulting from disqualification for exemption must be applied in the same manner against the qualifying shareholders for whom the disqualification applies.

**Sec. G-8. 36 MRSA §684, sub-§1**, as amended by PL 2007, c. 438, §21, is further amended to read:

**1. Generally.** The bureau shall furnish to the assessor of each municipality a sufficient number of printed forms to be filed by applicants for an exemption under this subchapter and shall determine the content of the forms. A municipality shall provide to its inhabitants reasonable



notice of the availability of application forms. An individual claiming an exemption under this subchapter for the first time shall file the application form with the assessor or the assessor's representative. For an exemption from taxes based on the status of property on April 1, 2017, the application must be filed by August 1, 2017. For taxes based on the status of property after April 1, 2017, the application must be filed on or before April 1st of the year on which the taxes are based.

**Sec. G-9. 36 MRSA §684, sub-§2**, as amended by PL 2009, c. 418, §2 and affected by §3, is further amended to read:

**2. False filing.** An individual who knowingly gives false information for the purpose of claiming a homestead exemption under this subchapter commits a Class E crime. Except for a person on active duty serving in the Armed Forces of the United States who is permanently stationed at a military or naval post, station or base in the State, an individual who falsifies their age or claims to be a permanent resident of this State under this subchapter who also claims to be a permanent resident of another state for the tax year for which an application for a homestead exemption is made commits a Class E crime.

**Sec. G-10. 36 MRSA §685, sub-§2, ¶B**, as repealed and replaced by PL 2015, c. 390, §4, is amended to read:

B. For property tax years beginning on or after April 1, 2017, ~~62.5%~~ 50% of the taxes lost by reason of the exemptions under section 683, ~~subsections 1 and 1-B~~ subsection 1-C.

**Sec. G-11. 36 MRSA §688**, as enacted by PL 1997, c. 643, Pt. HHH, §3 and affected by §10, is amended to read:

**§688. Effect of determination of residence or age**

A determination of permanent residence or age made for purposes of this subchapter is not binding on the bureau with respect to the administration of Part 8 and has no effect on determination of domicile for purposes of the Maine individual income tax.

**Sec. G-12. Retroactivity.** This Part applies retroactively to property tax years beginning on or after April 1, 2017.

**PART G  
SUMMARY**

This Part amends the Maine Resident Homestead Property Tax Exemption to restrict the exemption to residents who are 65 or older for property tax years beginning on or after April 1, 2017. Also, the municipal reimbursement for taxes lost by reason of the exemption for property tax years beginning on or after April 1, 2017 is reduced from 62.5% to 50%.

**Amend LD 390 Part J by deleting the current Part and replacing with the following:**

**PART J**

**Sec. J-1. 4 MRSA §807, sub-§3 ¶R**, as enacted by PL 2013, c. 45, § 3 and corrected by RR 2013, c. 1, § 6, is amended to read:

R. A person who is not an attorney but who is a public accountant, enrolled agent, enrolled actuary or any other person permitted to represent the taxpayer under Title 36, section 151-A, subsection 2 and is representing a party in any hearing, action or proceeding before the Maine Office Board of Tax Appeals in accordance with Title 36, section 151-D; or

**Sec. J-2. 5 MRSA §12004-B, sub-§10**, as enacted by PL 2011, c. 694, § 1, is repealed.

**Sec. J-3. 36 MRSA §111, sub-§1-C**, as enacted by PL 2011, c. 694, § 2, is repealed.

**Sec. J-4. 36 MRSA §111, sub-§1-D**, is enacted to read:

**1-D. Appeals Office.** For purposes of sections 151 and 151-D and section 191, subsection 2, paragraphs C, XX,YY, "appeals office" means the Maine Office of Tax Appeals as established in Title 36, section 151-D, subsection 8-A.

**Sec. J-5. 36 MRSA §112, sub-§7-A**, as amended by 2013, c. 331, Pt. C, §2 and affected by §41, is further amended to read:

**7-A. Taxpayer Bill of Rights.** The assessor shall prepare a statement describing in simple and nontechnical terms the rights of a taxpayer and the obligations of the bureau during an audit. The statement must also explain the procedures by which a taxpayer may appeal any adverse decision of the assessor, including reconsideration under section 151, appeals to the Maine Office Board of Tax Appeals and judicial appeals. This statement must be distributed by the bureau to any taxpayer contacted with respect to the determination or collection of any tax, excluding the normal mailing of tax forms. This paragraph does not apply to criminal tax investigations conducted by the assessor or by the Attorney General.

**Sec. J-6. 36 MRSA §151, sub-§1**, as repealed and replaced by PL 2011, c. 694, §3, is amended to read:

**1. Petition for reconsideration.** A person who is subject to an assessment by the State Tax Assessor or entitled by law to receive notice of a determination of the assessor and who is aggrieved as a result of that action may request in writing, within 60 days after receipt of notice of the assessment or the determination, reconsideration by the assessor of the assessment or the determination. If a person receives notice of an assessment and does not file a petition for

reconsideration within the specified time period, a review is not available in Superior Court or before the ~~board~~appeals office regardless of whether the taxpayer subsequently makes payment and requests a refund.

**Sec. J-7. 36 MRSA §151, sub-§2, ¶C**, as repealed and replaced by PL 2011, c. 694, §3, is amended to read:

C. If the matter between the division and the petitioner is not resolved within the 90-day period, and any extension thereof, the petitioner may consider the petition for reconsideration denied. The petitioner may not consider the petition for reconsideration denied after either the reconsidered decision has been received by the petitioner or the expiration of 9 years following the filing of the petition for reconsideration, whichever occurs first. A petition for reconsideration considered denied pursuant to this paragraph constitutes final agency action. A petitioner elects to consider the petition for reconsideration denied pursuant to this paragraph by:

(1) For a small claim request, filing a petition for review in Superior Court. For purposes of this subparagraph, "small claim request" has the same meaning as in paragraph E; or

(2) For all other requests:

(a) Filing a statement of appeal with the ~~board~~appeals office; or

(b) Filing a petition for review in Superior Court.

**Sec. J-8. 36 MRSA §151, sub-§2, ¶E**, as amended by PL 2013, c. 45, §4, is further amended to read:

E. A reconsidered decision rendered on any request other than a small claim request constitutes the assessor's final determination, subject to review either by the ~~board~~appeals office or directly by the Superior Court. A reconsidered decision rendered on a small claim request constitutes the assessor's final determination and final agency action and is subject to de novo review by the Superior Court. For purposes of this paragraph, "small claim request" means a petition for reconsideration when the amount of tax or refund request in controversy at the time the petition is filed is less than \$1,000.

**Sec. J-9. 36 MRSA §151, sub-§2, ¶F**, as enacted by PL 2011, c. 694, §3, is amended to read:

F. A person who wishes to appeal a reconsidered decision under this section:

(1) To the ~~board~~appeals office must file a written statement of appeal with the ~~board~~appeals office within 60 days after receipt of the reconsidered decision; or

(2) Directly to the Superior Court must file a petition for review in the Superior Court within 60 days after receipt of the reconsidered decision. The petition for review must be

served by certified mail, return receipt requested, upon the bureau and the Office of the Attorney General.

Within two business days of the receipt of a statement of appeal, the appeals office must provide written notice to the bureau and the Office of the Attorney General. If a person does not file a request for review with the ~~board~~appeals office or the Superior Court within the time period specified in this paragraph, the reconsidered decision becomes final and no further review is available.

**Sec. J-10. 36 MRSA §151, sub-§2, ¶G**, as enacted by PL 2011, c. 694, §3, is amended to read:

G. Upon receipt of a statement of appeal or petition for review filed by a person pursuant to paragraph F, the ~~board~~appeals office or Superior Court shall conduct a de novo hearing and make a de novo determination of the merits of the case. The ~~board~~appeals office or Superior Court shall enter those orders and decrees as the case may require. The burden of proof is on the person, except as otherwise provided by law.

**Sec. J-11. 36 MRSA §151-A, sub-§2**, as amended by PL 2013, c. 331, Pt. C, §4 and affected by §41, is further amended to read:

**2. Representative of taxpayer.** The taxpayer may bring to any interview with the State Tax Assessor or to any proceeding pursuant to section 151-D any attorney, certified public accountant, enrolled agent, enrolled actuary or any other person permitted to represent the taxpayer. If the taxpayer does not bring anyone to the interview or proceeding but clearly states at any time during the interview or proceeding that the taxpayer wishes to consult with an attorney, certified public accountant, enrolled agent, enrolled actuary or any other person permitted to represent the taxpayer, the State Tax Assessor shall suspend the interview or the ~~board~~appeals office shall suspend the proceeding. The suspension must occur even if the taxpayer has answered one or more questions before that point in the interview or proceeding. The interview must be rescheduled to be held within 10 working days.

**Sec. J-12. 36 MRSA §151-C, sub-§2**, as enacted by PL 2011, c. 439, §4 and affected by §12 is amended to read:

**2. Duties and responsibilities.** The duties and responsibilities of the taxpayer advocate are to:

A. Assist taxpayers in resolving problems with the bureau;

B. Identify areas in which taxpayers have problems in dealings with the bureau or the appeals office;

C. Propose changes in the administrative practices of the bureau or the appeals office to mitigate problems identified under paragraph B; and

D. Identify legislative changes that may be appropriate to mitigate problems identified under paragraph B.

**Sec. J-13. 36 MRSA § 151-D**, as amended by PL 2013, c. 331, Pt. B, §§1, 2, is further amended to read:

### **§151-D. MAINE OFFICEBOARD OF TAX APPEALS**

~~**1. Board established.** The Maine Board of Tax Appeals, established in Title 5, section 12004 B, subsection 10, is established as an independent board within the Department of Administrative and Financial Services and is not subject to the supervision or control of the bureau. The purpose of the board is to provide taxpayers with a fair system of resolving controversies with the bureau and to ensure due process.~~

~~**2. Members; appointment.** The board consists of 3 members appointed by the Governor, subject to review by the joint standing committee of the Legislature having jurisdiction over taxation matters and confirmation by the Legislature. No more than 2 members of the board may be members of the same political party. The Governor shall designate one board member to serve as chair. The Governor may remove any member of the board for cause.~~

~~**3. Qualifications.** The members of the board must be residents of this State and must be selected on the basis of their knowledge of and experience in taxation. A member of the board may not hold any elective office or any public office involving assessment of taxes or administration of any of the tax laws of this State. At least one member must be an attorney. No more than 2 members may be attorneys.~~

~~**4. Terms.** Members of the board are appointed for terms of 3 years. A member may not serve more than 2 consecutive terms, plus any initial term of less than 3 years. A vacancy must be filled by the Governor for the unexpired term subject to review by the joint standing committee of the Legislature having jurisdiction over taxation matters and confirmation by the Legislature during the next legislative session.~~

~~**5. Quorum.** Two members of the board constitute a quorum. A vacancy in the board does not impair the power of the remaining members to exercise all the powers of the board.~~

~~**6. Compensation.** A member of the board is entitled to a per diem of \$100. Board members receive reimbursement for their actual, necessary cash expenses while on official business of the board.~~

~~**7. Powers and duties.** The board has all powers as are necessary to carry out its functions. The board may be represented by legal counsel. The board may delegate any duties as necessary.~~

~~8. Appeals office.~~ The board shall establish and maintain an office, referred to in this section as "the appeals office," in the City of Augusta to assist the board in carrying out the purposes of this section. The board may meet and conduct business at any place within the State.

**8-A. Office established.** The Maine Office of Tax Appeals is established as an Office within the Department of Administrative and Financial Services and is not subject to the supervision or control of the Bureau of Revenue Services. The purpose of the Office is to provide taxpayers with a fair system of resolving an appeal of a reconsidered decision of the bureau under section 151.

**9. Chief Appeals Officer; ~~appeals office.~~** The Commissioner of Administrative and Financial Services shall appoint the Chief Appeals Officer to ~~assist the board and~~ manage the appeals office. The Chief Appeals Officer must be a citizen of the United States and have substantial knowledge of tax law. The Chief Appeals Officer is an unclassified employee at salary range 33. The Chief Appeals Officer serves at the pleasure of the commissioner. The Chief Appeals Officer shall:

A. ~~Subject to policies and procedures established by the board, manage~~ Manage the work of the appeals office and hire personnel, including subordinate appeals officers and other professional, technical and support personnel;

B. ~~Assist the board in the development and implementation of~~ Develop and implement rules, policies and procedures to carry out the provisions of this section and section 151, subsection 2, paragraph F, subparagraph 1 and paragraph G and comply with all applicable laws;

C. Prepare a proposed biennial budget for the ~~board~~ appeals office, including supplemental budget requests as necessary, for submission to and approval by the Commissioner of Administrative and Financial Services;

D. ~~Attend all board meetings and maintain~~ Maintain proper records of all transactions of the ~~board~~ appeals office; and

E. Perform other duties as ~~the board and~~ the Commissioner of Administrative and Financial Services may assign.

**10. Appeals procedures.** Appeals of tax matters arising under this chapter are conducted in accordance with this subsection.

A. If requested by a petitioner within 20 days of filing a statement of appeal, the appeals office shall hold an appeals conference to receive additional information and to hear arguments regarding the protested assessment or determination. ~~The board shall set a rate of no more than \$150 as a processing fee for each petition that proceeds to an appeals conference. These fees must be credited to a special revenue account to be used to defray expenses in carrying out this section.~~

~~Any balance of these fees in the special revenue account does not lapse but is carried forward as a continuing account to be expended for the same purposes in the following years.~~

B. The appeals office shall provide a petitioner with at least 10 working days' notice of the date, time and place of an appeals conference. The appeals conference may be held with fewer than 10 working days' notice if a mutually convenient date, time and place can be arranged.

C. The Chief Appeals Officer, or an An appeals officer assigned by the Chief Appeals Officer, shall preside over an appeal ~~appeals conference~~. The appeals officer has the authority to administer oaths, take testimony, hold hearings, and with the approval of the Chief Appeals Officer, summon witnesses and subpoena records, files and documents the appeals officer considers necessary for carrying out the responsibilities of the appeals office ~~board~~.

D. If a petitioner does not timely request an appeals conference, the appeals officer shall determine the matter based on written submissions by the petitioner and the division within the bureau making the original determination.

E. Both a petitioner and the assessor may submit to the appeals officer, whether or not an appeals conference has been requested, written testimony in the form of an affidavit, documentary evidence and written legal argument and written factual argument. In addition, if an appeals conference is held, both the petitioner and the assessor may present oral testimony and oral legal argument. The appeals officer need not observe the rules of evidence observed by courts, but shall observe the rules of privilege recognized by law. If the appeals officer considers it appropriate, the appeals officer may encourage the petitioner and the assessor to resolve disputed issues through settlement or stipulation. The appeals officer may limit the issues to be heard or vary any procedure adopted for the conduct of the appeals conference if the parties agree to that limitation.

F. Except when otherwise provided by law, a petitioner has the burden of proving, by a preponderance of the evidence, that the assessor has erred in applying or interpreting the relevant law.

G. The appeals officer shall exercise independent judgment. The appeals office may not have any ex parte communications with or on behalf of any party, including the petitioner, the assessor or any other employee of the Department of Administrative and Financial Services except those employees in the appeals office; however, the appeals officer may have ex parte communication limited to questions that involve ministerial or administrative matters that do not address the substance of the issues or position taken by the petitioner or the assessor.

H. The appeals officer, shall ~~render~~prepare a ~~recommended~~ final decision on the appeal ~~for consideration by the board~~ approved by the Chief Appeals Officer and based upon the evidence and argument presented to the appeals officer by parties to the proceeding. The decision must be in written form and must state findings of fact and conclusions of law. ~~The appeals officer shall deliver copies of the recommended final decision to the board.~~ Notice of the final decision or order

to the petitioner must be made in accordance with section 111, subsection 2. Written notice of the final decision or order must be made to the responding bureau.

~~I. The board shall consider the recommended final decision on a timely basis. The board may not have any ex parte communication with or on behalf of any party, including the petitioner, the assessor or any other employee of the Department of Administrative and Financial Services except those employees in the appeals office; however, the board may have ex parte communication limited to questions that involve ministerial or administrative matters that do not address the substance of the issue or position taken by the petitioner or assessor. After considering the recommended final decision, the board may:~~

~~————(1) Adopt the recommended final decision as delivered by the appeals officer;~~

~~————(2) Modify the recommended final decision;~~

~~————(3) Send the recommended final decision back to the same appeals officer, if possible, for the taking of further evidence, for additional consideration of issues, for reconsideration of the application of law or rules or for such other proceedings or considerations as the board may specify; or~~

~~————(4) Reject the recommended final decision in whole or in part and decide the appeal itself on the basis of the existing record.~~

A determination by the board~~appeals office~~ is not an adjudicatory proceeding within the meaning of that term in the Maine Administrative Procedure Act. The appeals office ~~decision, as adopted, modified or rejected by the board or appeals officer pursuant to this paragraph~~ is the final administrative decision on the appeal and is subject to de novo review by the Superior Court. Either the taxpayer or the assessor may appeal the decision to the Superior Court and may raise on appeal in the Superior Court any facts, arguments or issues that relate to the final administrative decision, regardless of whether the facts, arguments or issues were raised during the proceeding being appealed, if the facts, arguments or issues are not barred by any other provision of law. The court shall make its own determination as to all questions of fact or law, regardless of whether the questions of fact or law were raised before the division within the bureau making the original determination or before the appeals office ~~board~~. The burden of proof is on the taxpayer.

A person who wishes to appeal a decision adopted under this paragraph to the Superior Court must file a petition for review within 60 days after receipt of the appeals office's~~board's~~ decision. The petition for review must be served by certified mail, return receipt requested, upon the bureau, all parties to the appeals office proceeding and the Office of the Attorney General. If a person does not file a request for review with the Superior Court within the time period specified in this paragraph, the decision becomes final and no further review is available.



Subject to any applicable requirements of the Maine Administrative Procedure Act, the ~~board~~ appeals office shall adopt rules to accomplish the purposes of this section. Those rules may define terms, prescribe forms and make suitable order of procedure to ensure the speedy, efficient, just and inexpensive disposition of all proceedings under this section. Rules adopted pursuant to this subsection are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

Beginning in ~~2014~~2018 and annually thereafter, the ~~board~~appeals office shall prepare and submit a report by January ~~1st~~15th on the activities of the ~~board~~ appeals office to the Governor, the assessor and the joint standing committee of the Legislature having jurisdiction over taxation matters.

**Sec. J-14. 36 MRSA §191, sub-§2, ¶C**, as amended by PL 2011, c. 694, §7, is further amended to read:

C. The inspection by the Attorney General of information filed by any taxpayer who has requested review of any tax under this Title or against whom an action or proceeding for collection of tax has been instituted; or the production in court or to the ~~board~~appeals office on behalf of the State Tax Assessor, or any other party to an action or proceeding under this Title, of so much and no more of the information as is pertinent to the action or proceeding;

**Sec. J-15. 36 MRSA §191, sub-§2, ¶XX**, as amended by PL 2015, c. 300, Pt. A, §6 and c. 344, §6, is further amended to read:

XX. The disclosure of information by the assessor to the ~~board~~appeals office, except that such disclosure is limited to information that is pertinent to an appeal or other action or proceeding before the ~~board~~appeals office;

**Sec. J-16. 36 MRSA § 191, sub-§ 2, ¶ YY**, as amended by PL 2015, c. 490, §2 and c. 494, Pt. A, §41, is further amended to read:

YY. The inspection and disclosure of information by the ~~board~~ appeals office to the extent necessary to conduct appeals procedures pursuant to this Title and issue a decision on an appeal to the parties. The ~~board~~appeals office may make available to the public redacted decisions of the appeals office and the former Board of Tax Appeals that do not disclose the identity of a taxpayer or any information made confidential by state or federal statute;

**Sec. J-17. Effective Date.** This Part takes effect August 1, 2017, except the rulemaking provisions in section J-18 take effect on the general effective date of this Act.

**Sec. J-18. Rulemaking in 2017.** The appeals office shall adopt rules for its procedures that reduce the procedural complexity faced by taxpayers under the rules of the former Board of Tax Appeals. These rules shall ensure all tax appeals are resolved in a maximum of 8 months; this time period may be extended by the appeals office for good cause.

**Sec. J-20. Terms of members of the Maine Board of Tax Appeals.** Notwithstanding any other provision of law, the terms of members of the Maine Board of Tax Appeals expire August 1, 2017.

**Sec. J-21. Termination of the Maine Board of Tax Appeals special revenue account.** The special revenue account established within the Department of Administrative and Financial Services, Maine Board of Tax Appeals pursuant to Maine Revised Statutes Title 36, section 151-D, subsection 10, paragraph A, is terminated effective August 1, 2017. Any funds remaining in the account as of August 1, 2017 must be transferred to the General Fund undedicated revenue account by the State Controller no later than August 16, 2017.

**Sec. J-22. Rename the Maine Board of Tax Appeals program.** Notwithstanding any other provision of law, the Maine Board of Tax Appeals program established within the Department of Administrative and Financial Services, pursuant to Maine Revised Statutes, Title 36, section 151-D, is renamed the Maine Office of Tax Appeals program, effective August 1, 2017

**Sec. J-23. Transition.** The following provisions apply to tax appeals affected by this Part:

Any appeal submitted to the Maine Board of Tax Appeals for which the board has not issued a final decision by August 1, 2017 shall be transferred to the appeals office and conducted in accordance with this Part. Any such appeals may be withdrawn by the taxpayer and the taxpayer may file a petition for review in the Superior Court within 60 days of such withdrawal.

## **PART J**

### **SUMMARY**

This Part eliminates the Board of Tax Appeals and replaces it with the Maine Office of Tax Appeals on August 1, 2017. The current appeals office staff remains as part of the Maine Office of Tax Appeals. The appeals office is directed to establish new simplified and streamlined rules consistent with 151-D. Beginning on August 1, 2017 Maine Revenue Services reconsideration decisions may be appealed to either the Superior Court or, for cases with an amount in controversy over \$1,000, to the Maine Office of Tax Appeals. The current administrative appeals process in Maine Revenue Service will remain the same.

**Amend LD 390 Part Q by deleting the current Part and replacing with the following:**

## **PART Q**

**Sec. Q-1. Maine Revised Statutes amended; revision clause.** Wherever in the Maine Revised Statutes the words “Displaced Homemaker program” appear or reference is made to that entity or those words, those words are amended to read or mean, as appropriate, “New Ventures Maine program” and the Revisor of Statutes shall implement this revision when updating, publishing or republishing the statutes.

**Sec. Q-2. Maine Revised Statutes amended; revision clause.** Wherever in the Maine Revised Statutes the words “Displaced Homemakers Advisory Council” appear or reference is made to that entity or those words, those words are amended to read or mean, as appropriate, “New Ventures Maine Advisory Council” and the Revisor of Statutes shall implement this revision when updating, publishing or republishing the statutes.

**Sec. Q-3. Rename Maine Centers for Women, Work and Community program.** Notwithstanding any other provision of law, the Maine Centers for Women, Work and Community program within the University of Maine System is renamed the New Ventures Maine program.

## **PART Q SUMMARY**

This Part changes the name of the “Displaced Homemaker program” to the “New Ventures Maine program” in the Maine Revised Statutes and also changes the name of the “Displaced Homemakers Advisory Council” to the “New Ventures Maine Advisory Council” in the Maine Revised Statutes. This Part also changes the name of the Maine Centers for Women, Work and Community program to the New Ventures Maine program to reflect the name currently used by the University of Maine System.

**Amend LD 390 Part U by deleting the current Part:**

**PART U  
SUMMARY**

This Part removes the transfer of \$5,000,000 in each fiscal year of the 2018-2019 biennium from the General Fund unappropriated surplus to the Fund for Efficient Delivery of Local & Regional Services - Administration, Other Special Revenue account within the Department of Administrative and Financial Services.

**Amend LD 390 Part V by deleting the current Part:**

**PART V  
SUMMARY**

This Part removes the change to the tax assessment for municipalities that would allow it to be greater than the base assessment.

**Amend LD 390 Part W by deleting the current Part and replacing with the following:**

**PART W**

**Sec. W-1. 5 MRSA §21, sub-§6, ¶B,** as enacted by PL 2011, c. 616, Pt. A, §1, is amended to read:

B. The ~~ConnectME~~Broadband Development Authority under Title 35-A, section 9203;

**Sec. W-2. 5 MRSA §12004-G, sub-§33-F,** as enacted by PL 2005, c. 665, §1, is amended to read:

**33-F.**

Technology ~~ConnectME~~Broadband Development Not Authorized 35-A MRSA §9203  
Authority

**Sec. W-3. 35-A MRSA §9202, sub-§§1 and 2,** as enacted by PL 2005, c.665, §3, are amended to read:

**1. Advanced communications technology infrastructure.** "Advanced communications technology infrastructure" means any communications technology infrastructure or infrastructure improvement that expands the deployment of, or improves the quality of, broadband availability ~~and wireless service coverage.~~

**2. Authority.** "Authority" means the ~~ConnectME~~Broadband Development Authority established in section 9203.

**Sec. W-4. 35-A MRSA §9202, sub-§6,** is enacted to read:

**6. Office.** "Office" means the Office of Broadband Development in the Department of Economic and Community Development established in section 9203-A.

**Sec. W-5. 35-A MRSA §9203,** as amended by PL 2015, c. 284, §4, is further amended to read:

**§9203. ~~ConnectME~~Broadband Development Authority**

**1. Establishment; membership.** The ~~ConnectME~~Broadband Development Authority is established to further the goals and policies in section 9202-A. The authority is created as a body corporate and politic and a public instrumentality of the State. The exercise by the authority of powers conferred by this chapter is considered to be the performance of essential governmental functions. The authority consists of the following 7 voting members:

- A. The chair of the Public Utilities Commission or the chair's designee;
- B. The Chief Information Officer of the State, or the officer's designee;
- C. One representative of consumers, appointed by the Governor;
- D. Two members with significant knowledge of communications technology, appointed by the Governor;
- E. The Commissioner of Economic and Community Development or the commissioner's designee; and
- F. One member with significant knowledge of telemedicine as defined in Title 24-A, section 4316, subsection 1, appointed by the Governor.

Compensation of members is as provided in Title 5, section 12004-G, subsection 33-F.

**2. Terms; chair; vacancies.** All members are appointed for 3-year terms. The Governor shall appoint a chair from among the 4 members appointed by the Governor. In the event of a vacancy in the membership, the Governor shall appoint a replacement member for the remainder of that vacated term. Each member of the authority serves until that member's successor is appointed and qualified. Any member of the authority is eligible for reappointment.

**3. Officers; quorum.** The authority may elect a secretary and a treasurer, who may, but need not, be members of the authority. Four members of the authority constitute a quorum, and the affirmative vote of 4 members is necessary for any action taken by the authority.

**4. Participation by members.** A member may participate in a meeting of the authority and place a vote electronically or telephonically as long as members of the public have an opportunity to listen to the deliberations of the authority and otherwise participate in or observe the proceedings of the authority consistent with Title 1, section 405.

**5. Indemnification.** Each member of the authority must be indemnified by the authority against expenses actually and necessarily incurred by the member in connection with the defense of any action or proceeding in which the member is made a party by reason of being or having been a member of the authority and against any final judgment rendered against the member in that action or proceeding.

**Sec. W-6. 35-A MRSA §9203-A** is enacted to read:

**§9203-A. Office Established**

**1. Office of Broadband Development.** The Office of Broadband Development is established within the Department of Economic and Community Development. The director of the Office of Broadband Development shall administer the office in accordance with the policies of the commissioner and the provisions of this chapter, emphasizing a program that seeks to encourage, foster, develop, and improve broadband within the state in order to:

A. Expand and improve information and broadband service that lead to job creation, an innovative economy, as well as increase market opportunities for Maine businesses;

B. Serve the ongoing and growing needs of Maine’s education systems, health care system, public safety system, industries and businesses, governmental operations, and citizens; and

C. Improve accessibility for unserved and underserved communities and populations.

**2. Organization.** The office shall consist of a director of the Office of Broadband Development, as well as any staff necessary to carry out the office’s duties under subsection 3. The director shall report to the commissioner in the execution of the director’s responsibilities and to the Broadband Development Authority in the execution of the State’s broadband policy established in section 9202-A.

**3. Duties.** The office shall have the power and duty to serve as the central broadband planning body for the State of Maine and to support the Broadband Development Authority in its duties outlined in section 9204-A.

**4. Administer funds.** The office shall administer the Broadband Development Fund as established pursuant to section 9211, the Municipal Gigabit Broadband Network Access Fund as established pursuant to section 9211-A, as well as any state or federal funding to support the programs of the office.

**Sec. W-7. 35-A MRSA §9204-A, sub-§3,** as enacted by PL 2015, c. 284, §7, is amended to read:

**3. Support local and regional broadband planning.** The authority shall ~~approve~~provide technical and financial assistance to communities in the State from the Broadband Development Fund that include unserved and underserved areas to identify the need for broadband infrastructure and services and develop and implement plans to meet those needs.

**Sec. W-8. 35-A MRSA §9204-A, sub-§5,** as enacted by PL 2015, c. 284, §7, is amended to read:

**5. Facilitate state support of deployment of broadband infrastructure.** The authority shall review, recommend and facilitate changes in laws, rules, programs and policies of the State and its agencies to further deployment of broadband infrastructure to all unserved and underserved areas of the State. The authority shall assist in identifying opportunities to use broadband infrastructure to achieve the state policies and goals as set out in section 9202-A and support coordination between communications providers and state departments and local governmental entities on initiatives where broadband infrastructure could be advanced ~~including coordination with the statewide emergency radio network.~~

**Sec. W-9. 35-A MRSA §9204-A, sub-§7,** as enacted by PL 2015, c. 284, §7, is amended to read:

**7. Administer funds.** The authority shall approve expenditures in ~~administer~~ the ~~ConnectME~~Broadband Development Fund as established pursuant to section 9211.



**Sec. W-10. 35-A MRSA §9205, sub-§19**, as enacted by PL 2005, c. 665, §3, is repealed.

**Sec. W-11. 35-A MRSA §9207, sub-§1**, as enacted by PL 2005, c. 665, §3, is amended to read:

Subject to the provisions in this section, the office and the authority may collect data from communications service providers and any wireless provider that own or operate advanced communications technology infrastructure in the State concerning infrastructure deployment and costs, revenues and subscribership.

**Sec. W-12. 35-A MRSA §9207, sub-§§1 and 2**, as enacted by PL 2005, c. 665, §3, are amended to read:

**1. Confidential information.** If the office and the authority, on its own or upon request of any person or entity, determines that public access to specific information about communications service providers in the State could compromise the security of public utility systems to the detriment of the public interest or that specific information is of a competitive or proprietary nature, the authority shall issue an order designating that information as confidential. Information that may be designated as confidential pursuant to this subsection includes, but is not limited to, network diagrams. The authority may designate information as confidential under this subsection only to the minimum extent necessary to protect the public interest or the legitimate competitive or proprietary interests of a communications service provider. The authority shall adopt rules pursuant to section 9205, subsection 3 defining the criteria it will use to satisfy the requirements of this paragraph and the types of information that would satisfy the criteria. The authority may not designate any information as confidential under this subsection until those rules are finally adopted.

Information designated as confidential under this subsection is not a public record under Title 1, section 402, subsection 3.

**2. Protection of information.** A communications service provider may request that confidential or proprietary information provided to the office and the authority under subsection 1 not be viewed by those members of the office or the authority who could gain a competitive advantage from viewing the information. Upon such a request, the authority shall ensure that the information provided is viewed only by those members of the authority and staff who do not stand to gain a competitive advantage and that there are adequate safeguards to protect that information from members of the authority who could gain a competitive advantage from viewing the information.

**Sec. W-13. 35-A MRSA §9208**, as amended by PL 2015, c. 284, §9, is further amended to read:

No later than January 15th of each year, the Office of Broadband Development in consultation with the authority shall provide a report to the Governor and the joint standing committee of the Legislature having jurisdiction over utilities matters that:

**1. Budget.** Includes a report on the budget of the authority office;

**2. Activities.** Documents the activities of the office and the authority, including a detailed description of the progress toward the goals and objectives established in the triennial strategic plan under section 9218;

**3. Investments.** Contains a listing of any investments of money in the ~~ConnectME~~ Broadband Development Fund, as established pursuant to section 9211, and a tracking of the infrastructure improvements resulting from the investments; and

**4. Market conditions.** Contains an analysis of the availability of communications services and advanced communications technology infrastructure, including an analysis of the competitive market in the State for communications services and advanced communications technology infrastructure and whether the communications services provided in the State are reasonably comparable to services provided regionally and nationwide.

After receiving a report under this section, the joint standing committee of the Legislature having jurisdiction over utilities matters may report out legislation relating to the office and the authority.

**Sec. W-14. 35-A MRSA §9211**, as enacted by PL 2015, c. 665, §3, is amended to read:

**§9211. ~~CONNECTME~~ Broadband Development Fund**

**1. ~~ConnectME~~ Broadband Development Fund established.** The ~~ConnectME~~ Broadband Development Fund, referred to in this section as "the fund," is established as a nonlapsing fund in the Department of Economic and Community Development administered by the office in consultation with the authority for the purposes of supporting the activities and projects of the authority under this chapter.

**2. Assessment.** After receiving authorization pursuant to Title 5, section 8072 to finally adopt major substantive rules under section 9205, subsection 3 or after January 15, 2007, whichever is later, the office and the authority may require every communications service provider to contribute on a competitively neutral basis to the fund. The assessment may not exceed 0.25% of the revenue received or collected for all communications services provided in this State by the communications service provider. A facilities-based provider of wireless voice or data retail service may voluntarily agree to be assessed by the authority as a communications service provider under this subsection.

**3. Explicit identification on customer bills.** A communications service provider assessed pursuant to subsection 2 may recover the amount of the assessment from the provider's customers. If a provider recovers the amount from its customers, it must explicitly identify the amount owed by a customer on the customer's bill and indicate that the funds are collected for use in the ~~ConnectME~~ Broadband Development Fund.

**Sec. W-15. 35-A MRSA §9211-A**, as enacted by PL 2015, c. 323, §1, is amended to read:

## **§9211-A. Municipal Gigabit Broadband Network Access Fund**

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

- A. "Applicant" means a community, regional partnership or municipality that applies for a grant under this section.
- B. "Community" means a municipality with a population of at least 1,200 people, as determined by the office and the authority in accordance with the United States Census data, or a municipality that has received a waiver from this population requirement from the office and the authority upon a determination that the municipality is in an unserved or underserved area.
- C. "Fund" means the Municipal Gigabit Broadband Network Access Fund established in this section.
- D. "Regional partnership" means 2 or more municipalities that do not, on their own, meet the requirements of paragraph B and have joined together with one or more contiguous municipalities in the region to achieve the population requirements of paragraph B.

**2. Fund established.** The Municipal Gigabit Broadband Network Access Fund is established as a nonlapsing, revolving fund administered by the office in consultation with the authority for the purposes of supporting the activities and projects of the authority under this section. All money in the fund must be continuously applied by the authority to carry out this section. The authority may receive and deposit in the fund funds from the following sources:

- A. Federal funds and awards that may be used for the purposes of this section;
- B. The proceeds of bonds issued for the purposes of this section; and
- C. Any other funds from public or private sources received in support of the purposes for which the fund is established.

**3. Purpose of the fund.** The fund is established to address the need in the State for access to ultra high-speed broadband infrastructure that will enhance the State's competitiveness in national and international economies. To the extent funds are available, the fund must be used to provide grants to communities, regional partnerships and municipalities to support public-private partnerships to support a municipal gigabit fiber-optic broadband network in their regions with the following goals:

- A. Provide high-speed broadband access to attract, create and grow the State's economy and market the products and services of businesses in the State in national and international markets with ultra high-speed symmetric connectivity and address challenges in geography;
- B. Provide expanded health care services by facilitating access to telemedicine, as defined in Title 24-A, section 4316, subsection 1, and state and local services for senior citizens and persons with disabilities;
- C. Expand educational opportunities for students across the State through virtual and distance learning;

D. Facilitate broader access for the public to services provided by municipal and county governments, including, but not limited to, law enforcement entities, the judicial system and child, youth and family social services; and

E. Provide expanded residential services to support employment opportunities.

In order to facilitate the achievement of the goals and policies of this section, the authority shall establish and regularly update, after opportunity for public comment and taking into consideration relevant federal policies, definitions of "gigabit fiber-optic broadband network" and "ultra high-speed broadband infrastructure."

**4. Implementation grants; maximum awards.** To the extent funds are available, the office in consultation with the authority shall award implementation grants to achieve the purpose of the fund as described in subsection 3 as follows.

A. An implementation grant to an applicant may not exceed \$200,000 for each eligible project selected for funding.

B. An implementation grant may be awarded only to an applicant that has demonstrated to the satisfaction of the office and the authority that it has participated in a planning grant process as described in subsections 5, 6 and 7.

C. Municipalities selected for funding must be required to provide a 25% cash match.

**5. Planning grants; requirements for applicants.** In order to assist applicants with completion of the planning process necessary to achieve the goals of this section, to the extent funds are available, the authority shall award planning grants of up to \$20,000 for community applicants and up to \$25,000 for regional partnerships and municipalities, which require a cash match. The office in consultation with the authority shall establish application requirements for planning grants for community and regional applicants that require an applicant to demonstrate to the satisfaction of the authority participation with public and private institutions and local businesses in the development of the grant process. Municipal applicants must provide the office authority with the following information:

A. A plan that identifies how the municipality will use ultra high-speed broadband access to fulfill the economic goals of the municipality;

B. A written commitment to nondiscriminatory open access to the broadband infrastructure by all parties involved in the grant;

C. A written summary of public forums used to gather information from the public in establishing the goals for the grant that serve the goals of this section;

D. Information gathered from local public and private institutions that identifies how the broadband services will expand access to state and local services identified under subsection 3; and

E. A summary of input received from the business community to identify the services that will be used in planning the implementation grant application.

**6. Planning grant requirements.** An applicant awarded a planning grant under subsection 5 must provide to the office authority:

A. Identification of the local broadband needs and goals;

- B. An inventory of existing broadband infrastructure assets within the municipality, municipalities or region;
- C. The results of a gap analysis that defines the additional broadband infrastructure necessary to meet identified needs and goals;
- D. One or more potential network designs, cost estimates, operating models and potential business models, based on input from broadband providers operating within the municipality, municipalities or region and any other parties that submit a network design solution, to address any broadband gaps identified in the analysis described in paragraph C; and
- E. An assessment of all existing municipal procedures, policies, rules and ordinances that may have the effect of delaying or increasing the cost of broadband infrastructure deployment.

**7. Cash match for planning grants; restrictions.** The cash match required from the applicant for a planning grant under subsection 5 may consist of municipal appropriations, private funds, funding from economic development entities and funding from nonprofit entities. The cash match for planning grants may not consist of funds provided by a vendor or private business that proposes to build, operate or provide retail services using the gigabit fiber-optic broadband network.

**8. Technical assistance; contract for services.** The office ~~authority~~ may provide technical assistance to applicants that request assistance with the grant application process. The office ~~authority~~ may contract for services to assist in the administration, management and evaluation of the fund.

**9. Rules; application procedure.** The authority shall adopt rules to implement this section, including rules governing the application process for the fund. Rules adopted under this subsection are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

**10. Report.** Beginning December 15, 2016, the office in consultation with the authority shall provide an annual report to the joint standing committee of the Legislature having jurisdiction over energy and utility matters on the grants distributed from the fund and an analysis of the fund's activities that have addressed the need for expansion of ultra high-speed broadband access in the State.

**Sec. W-16. 35-A MRSA §9213**, as enacted by PL 2005, c. 665, §3, is amended to read:

The revenues derived by the office and the authority from any assessment, transfer of funds, lease, assignment, rental agreement or other disposition or any other revenue must be used for the purposes of this chapter and applied in a competitively neutral fashion and without giving preference to any one form of technology over another.

**Sec. W-17. 35-A MRSA §9216, sub-§4, ¶ A**, as amended by PL 2015, c. 284, §10, is further amended to read:

A. Deposit 5% of the funds received under subsection 3 into the ConnectME Broadband Development Fund established under section 9211 and may use these funds to support the activities of the authority under this section and for the purposes of section 9204-A; and

**Sec. W-18. 35-A MRSA §9217, first ¶**, as enacted by PL 2015, c. 284, §11, is amended to read:

**§ 9217. Community broadband planning**

The authority shall ~~provide~~approve funds for broadband planning grants to municipalities, groups of municipalities or nonprofit local or regional community organizations that are providing local or regional economic development programs to develop plans to expand the availability of broadband services in unserved and underserved areas.

**Sec. W-19. 35-A MRSA §9218, sub-§1**, as enacted by PL 2015, c. 284, §11, is amended to read:

**1. Broadband service strategic plan.** The office and the authority shall draft a detailed, triennial strategic plan for broadband service that includes quantifiable measures of performance to carry out the duties in section 9204-A and to further the goals and policies in section 9202-A. The strategic plan must include, but is not limited to, budget allocations, objectives, targets, measures of performance, implementation strategies, timelines, a definition of "broadband" and other relevant information.

**Sec. W-19. Effective Date.** This Part takes effect January 1, 2018.

**PART W  
SUMMARY**

This Part accomplishes the following:

1. It changes the name of the ConnectME Authority to the Broadband Development Authority.
2. It creates an Office of Broadband Development within the Department of Economic and Community Development.
3. It moves administration of the ConnectME Fund and the Municipal Gigabit Broadband Network Access Fund from the Broadband Development Authority to the Office of Broadband Development, renames the ConnectME Fund the Broadband Development Fund and establishes that the funds will be administered in consultation with the authority.
4. This Part will be effective January 1, 2018.

**Amend LD 390 Part AA by deleting the current Part and replacing with the following:**

**PART AA**

**Sec. AA-1. Department of Administrative and Financial Services; lease-purchase authorization.** Pursuant to the Maine Revised Statutes, Title 5, section 1587, the Department of Administrative and Financial Services, in cooperation with the Treasurer of the State, on behalf of the Office of Information Technology may enter into financing arrangements on or after July 1, 2017 for: improvements to the State's technology infrastructure and data centers; purchase of enterprise software; modernization of databases, storage, and other components; and, improved security of Personally Identifiable Information and other confidential data. The financial agreements may not exceed \$21,000,000 in principal costs, 7 years in duration, and a 6% interest rate. The annual principal and interest costs must be paid from the appropriate line category appropriations in Office of Information Technology accounts.

**PART AA  
SUMMARY**

This Part authorizes the Department of Administrative and Financial Services on behalf of the Office of Information Technology to enter into financing arrangements on or after July 1, 2017 for improvements to the State's technology infrastructure and software. The agreements are limited to a principal cost of \$21,000,000 and a 6% interest rate and cannot exceed seven years in duration.

**Amend LD 390 Part TTT by deleting the current Part and replacing with the following:**

**PART TTT**

**Sec. TTT-1. 20-A MRSA §7209, sub-§4, ¶E**, as enacted by PL 2013, c. 338, §1, is repealed and the following is enacted in its place:

E. To report annually by May 15th to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs, the joint standing committee of the Legislature having jurisdiction over health and human services matters and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs on the performance of the Child Development Services System. This report must be posted on the publicly accessible website of the department. The report must include the most recent available federal annual performance report and most recent available annual financial and single audit report.

**PART TTT  
SUMMARY**

This Part changes fiscal reporting requirements to be the most recent available federal annual performance report and most recent available annual financial and single audit report and changes the reporting deadline from February 15<sup>th</sup> to May 15<sup>th</sup>.



**Amend LD 390 Part YYY by deleting the current Part**

**PART YYY  
SUMMARY**

This Part no longer repeals the Maine Rx Plus Program.

**Amend LD 390 Part UUUU by deleting the current Part and replacing with the following:**

**PART UUUU**

**Sec. UUUU- 1. Department of Administrative and Financial Services and the Office of Policy and Management to study Indigent Legal Services.** The Commissioner of the Department of Administrative and Financial Services and the Director of the Office of Policy and Management shall compose a working group to study Indigent Legal Services and submit a report that includes its findings and proposed legislation.

**Sec. UUUU-2. Reporting date established.** That the Department of Administrative and Financial Services and the Office of Policy and Management shall report the findings of its study under section 1, to the Joint Standing Committee on Judiciary by January 16, 2018. The committee may report out legislation based upon the report to the Second Regular Session of the 128<sup>th</sup> Legislature.

**SUMMARY  
PART UUUU**

This Part directs the Commissioner of the Department of Administrative and Financial Services and the Director of the Office of Policy and Management to compose a working group and conduct a study of Indigent Legal Services.

**Amend a section in LD 390 Part GGGGG as follows:**

**Current**

**Sec. GGGGG-11. 25 MRSA §2450-A**, as repealed and replaced by PL 2013, c. 424, Pt. A, §13, is amended to read:

In addition to the fees established in section 2450, a surcharge of 4¢ per square foot of occupied space must be levied on the existing fee schedule for new construction, reconstruction, repairs, renovations or new use for the sole purpose of funding the activities of the Technical Building Codes and Standards Board with respect to the Maine Uniform Building and Energy Code, established pursuant to Title 10, chapter 1103, the activities of the Division of Building Codes and Standards under chapter 314 and the activities of the Department of Economic and Community Development, Office of Community Development under Title 30-A, section 4451, subsection 3-A, except that the fee for review of a plan for the renovation of a public school, including the fee established under section 2450, may not exceed \$450. Revenue collected from this surcharge must be deposited into the Uniform Building Codes and Standards Fund in the Department of Public Safety and transferred to the Department of Economic and Community Development pursuant to Title 5, section 13183.

**Revised**

**Sec. GGGGG-11. 25 MRSA §2450-A**, as repealed and replaced by PL 2013, c. 424, Pt. A, §13, is further amended to read:

In addition to the fees established in section 2450, a surcharge of 4¢ per square foot of occupied space must be levied on the existing fee schedule for new construction, reconstruction, repairs, renovations or new use for the sole purpose of funding the activities of the Technical Building Codes and Standards Board with respect to the Maine Uniform Building and Energy Code, established pursuant to Title 10, chapter 1103, the activities of the Division of Building Codes and Standards under chapter 314 and the activities of the Department of Economic and Community Development, Office of Community Development under Title 30-A, section 4451, subsection 3-A, ~~except that the fee for review of a plan for the renovation of a public school, including the fee established under section 2450, may not exceed \$450.~~ Revenue collected from this surcharge must be deposited into the Uniform Building Codes and Standards Fund in the Department of Public Safety and transferred to the Department of Economic and Community Development pursuant to Title 5, section 13183.

**PART GGGGG  
SUMMARY**

This Part relocates the Technical Building Codes and Standards Board from the Department of Public Safety to the Department of Economic and Community Development. This Part also authorizes the Department of Public Safety to transfer, at the end of fiscal year 2016-17,

any balance remaining in the Division of Building Codes and Standards program, Other Special Revenue Funds account related to the Maine Uniform Building and Energy Code, to the Department of Economic and Community Development, Community Development Block Grant Program. This amends language to be consistent with proposed language in Part MMMMM amends the fee schedule for construction, reconstruction, or repairs.

**Amend LD 390 Part LLLLL by deleting the current Part and replacing with the following:**

**Sec. LLLLL-1. 25 MRSA, §2396, sub-§7**, as amended by PL 2003, c. 42, §1, is further amended to read:

**7. Other duties.** The performance of such other duties as are set forth in this and other sections of the statutes and as may be conferred or imposed from time to time by law. The State Fire Marshal, the State Fire Marshal's deputy and investigators appointed under this Title shall carry out those functions that the Commissioner of Public Safety may direct and in so doing have the same enforcement powers and duties throughout the State as sheriffs have in their respective counties. Fire Inspectors for the purpose of enforcing Title 25, section 2452, relating to statewide enforcement powers of the Life Safety Code (NFPA101), shall have the right to execute or serve criminal and civil violation process against offenders of the Life Safety Code.

**PART LLLLL  
SUMMARY**

This Part authorizes Fire Inspectors in the State Fire Marshal's Office to execute or serve criminal and civil violation process against offenders of the Life Safety Code (NFPA101).

**Amend LD 390 Part MMMMM by deleting the current Part and replacing with the following:**

**Part MMMMM**

**Sec. 1. 25 MRSA §2450, First ¶**, as amended by PL 2003, c. 364, §3, is further amended to read:

The Commissioner of Public Safety shall adopt, in accordance with requirements of the Maine Administrative Procedure Act, a schedule of fees for the examination of all plans for construction, reconstruction or repairs submitted to the Department of Public Safety. ~~The fee schedule for new construction or new use is 5¢ per square foot for occupied spaces and 2¢ per square foot for bulk storage occupancies, except that a fee for review of a plan for new construction by a public school may not exceed \$450. The fee schedule for reconstruction, repairs or renovations is based on the cost of the project and may not exceed \$450, except as provided in section 2450-A. The fee schedule for new construction or new use is 3/10 of 1% of the total project cost.~~ Except for projects reviewed by a municipality pursuant to section 2448-A, the fees must be credited to a special revenue account to defray expenses in carrying out this section. Any balance of the fees may not lapse, but must be carried forward as a continuing account to be expended for the same purpose in the following fiscal years. For projects reviewed by a municipality that include occupied spaces, a 1¢ fee per square foot must be remitted to the Department of Public Safety and a 4¢ fee per square foot must be paid to the municipality. A municipality is prohibited from charging a developer a fee that is in excess of the 4¢ fee per square foot for fire code permits. This limitation does not prohibit a municipality from charging fees for other construction-related permits.

**PART MMMMM  
SUMMARY**

The Part ensures that the Office of State Fire Marshal is adequately compensated to conduct reviews of plans for construction, reconstruction, repair, and renovation of buildings.

**Amend LD 390 by adding a new Part QQQQ**

**PART QQQQ**

**Sec. QQQQ-1. 2 MRSA §6, sub-§2**, as amended by PL 2015, c. 267, Pt. HHH, §1 and Pt. RRR, §1, is further amended to read:

**2. Range 90.** The salaries of the following state officials and employees are within salary range 90:

Superintendent of Financial Institutions;

Superintendent of Consumer Credit Protection;

State Tax Assessor;

Associate Commissioner for Tax Policy, Department of Administrative and Financial Services;

Superintendent of Insurance;

Executive Director of the Maine Consumer Choice Health Plan;

~~Two dDeputy Ccommissioners~~, Department of Administrative and Financial Services;

Deputy Commissioner, Department of Corrections;

Public Advocate;

Two deputy commissioners, Department of Health and Human Services;

Chief Information Officer;

Associate Commissioner, Department of Corrections;

Chief of the State Police; and

Securities Administrator, Office of Securities.

**Sec. QQQQ-2. 5 MRSA §282 ¶1**, as amended by PL 2003, c.673, Pt. C, §1, is further amended to read:

~~The commissioner may, with the approval of the Governor, appoint a deputy commissioner, who is the chief of one of the department bureaus and shall perform the duties of the commissioner during the commissioner's absence, in addition to the deputy commissioner's regular duties. The compensation and expense of the deputy commissioner is paid from any available funds appropriated for the use of the bureau of which the deputy commissioner is chief. The commissioner may appoint and employ the deputy commissioners, bureau chiefs and the assistant to the commissioner director of legislative affairs to be under the commissioner's immediate supervision, direction and control, and to serve at the commissioner's pleasure and perform such duties as the commissioner may prescribe, except as otherwise provided by law. In the absence of the Commissioner, the Commissioner, or the Governor if the Commissioner is unable, may appoint one of the deputy commissioners to act on behalf of the Commissioner. In addition, the commissioner may appoint an associate commissioner for administrative services who is not subject to the Civil Service Law and who serves at the pleasure of the commissioner.~~

**Sec. QQQQ-3. Department of Administrative and Financial Services; Bureau of General Services; reorganization.** The Commissioner of Administrative and Financial Services shall review those provisions of the Maine Revised Statutes governing the Bureau of General Services and based upon that review develop and submit a bill for introduction to the Second Regular Session of the 128<sup>th</sup> Legislature that reorganizes in statute the functions and activities of the Bureau of General Services and proposes any necessary budgetary changes. In the interim, the commissioner may organize the activities and functions of the Bureau of General Services in a manner the commissioner determines is most effective and efficient.

### **PART QQQQ SUMMARY**

This Part clarifies that there are two Deputy Commissioner positions within the Department of Administrative and Financial Services. This Part also authorizes the Commissioner of Administrative and Financial Services to reorganize the Bureau of General Services and submit a bill in the Second Regular Session of the 128<sup>th</sup> Legislature to enact the reorganization.



**Amend LD 390 by adding a new Part RRRRR**

**PART RRRRR**

**Sec. RRRRR-1. 7 MRSA §402-B,** is enacted to read:

**§402-B Annual General Fund Transfer**

On or before July 31st of each fiscal year, the State Controller shall transfer \$2,500,000 from General Fund undedicated revenue to the Agriculture Promotion Fund established in section 402-A.

**PART RRRRR**

**SUMMARY**

The Part requires the State Controller to transfer \$2,500,000 from General Fund undedicated revenue annually to the Agriculture Promotion Fund in the Department of Agriculture, Conservation and Forestry.

**Amend LD 390 by adding a new Part SSSSS**

**PART SSSSS**

**Sec. SSSSS-1. 34-A MRSA §1406**, is enacted to read:

**1406. Authority to Review Financial Records of Counties as They Relate to Corrections.**

**1. County Jail Records.** Notwithstanding any other provision of law, the Commissioner has the power to inspect, review and take custody of records of the counties as they relate to the funding and operation of the county jails. All county jails must supply complete and accurate information within 15 days of the request for inspection being filed. The Commissioner shall work with the jails to assist them in achieving compliance with the requirements in this paragraph. The Commissioner shall enforce the standards of this paragraph by imposition of monetary penalties pursuant to section 1208-B, subsection 1, paragraph B. This provision is to be interpreted liberally.

**2. Violation.** For every violation of this section, the state government agency or local government entity whose officer or employee committed the violation shall be liable for a civil violation for which a forfeiture of not more than \$5,000 may be adjudged.

**3. Records.** If the Commissioner is aggrieved by a refusal or denial to inspect or copy a record or the failure to allow the inspection or copying of a record under this section may appeal the refusal, denial or failure within 30 calendar days of the receipt of the written notice of refusal, denial or failure to the Superior Court within the State for the county where the person resides or the agency has its principal office. The agency or official shall file a statement of position explaining the basis for denial within 14 calendar days of service of the appeal. If a court, after a review, with taking of testimony and other evidence as determined necessary, determines such refusal, denial or failure was not for just and proper cause, the court shall enter an order for disclosure. Appeals may be advanced on the docket and receive priority over other cases when the court determines that the interests of justice so require.

**4. Proceedings not exclusive.** The proceedings authorized by this section are not exclusive of any other civil remedy provided by law.

**5. Attorney's fees.** In an appeal under subsection 3 or 4, the court may award reasonable attorney's fees and litigation expenses to the substantially prevailing plaintiff who appealed the refusal under subsection 3 or the illegal action under subsection 4 if the court determines that the refusal or illegal action was committed in bad faith. Attorney's fees and litigation costs may not be awarded to or against a federally recognized Indian tribe.

**6. Subpoena Power.** The Commissioner may, in connection with the performance of the duties of the office, apply to the Superior Court for a subpoena to compel the attendance of witnesses and the production of books, papers, records and documents of individuals, firms, associations and corporations and all officers, boards, commissions and departments of county Government. The court, before issuing the subpoena, shall provide adequate opportunity for the Commissioner and

the party against whom the subpoena is requested to be heard. The court may issue the subpoena only on a showing by the Commissioner and specific findings of fact by the court that the attendance of the witness or the production of the books, papers, records or documents is reasonably necessary to carry out specific duties of the office that are related to the operations and finances of the county jails and that the Commissioner has made reasonable efforts to secure the attendance or the books, papers, records or documents without recourse to compulsory process.

**Sec. SSSSS-2. 34-A MRSA §1402, sub-§14**, is enacted to read:

14. By February 15, 2018, the department, shall submit a report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial matters on plans to restructure the funding and operation of county jails.

## **PART SSSSS**

### **SUMMARY**

The Part provides the Commissioner of Corrections authority to restructure the funding and operation of county jails, upon examination and review of requested records and documents. A new reporting provision begins February 15, 2018 to the Appropriations and Financial Affairs Committee.

**Amend LD 390 by adding a new Part TTTTT**

**PART TTTTT**

**Sec. TTTTT-1. 20-A MRSA §10952, sub-§10,** is enacted to read:

**10. Taxable bond option.** To agree and consent to the inclusion of interest on any of its evidences of indebtedness, under the United States Internal Revenue Code of 1986 or any subsequent corresponding internal revenue law of the United States, in the gross income of the holders of any such evidences of indebtedness to the same extent and in the same manner that the interest on bills, bonds, notes or other obligations of the United States is includable in the gross income of the holders of such bills, bonds, notes or other obligations under the United States Internal Revenue Code or any such subsequent law.

**Sec. TTTTT-2. Maine Revised Statutes headnote amended; revision clause.** In the Maine Revised Statutes, Title 20-A, chapter 412, in the chapter headnote, the words "Tax exempt borrowing authority for the University of Maine System" are amended to read "Borrowing authority for the University of Maine System" and the Revisor of Statutes shall implement this revision when updating, publishing or republishing the statutes.

**PART TTTTT  
SUMMARY**

This Part authorizes the University of Maine System to issue taxable bonds when, due to the nature of the project(s) to be financed, the University of Maine System has determined that issuing taxable bonds is advantageous compared with the consequences of complying with the U.S. Internal Revenue Code private activity provisions applicable to tax exempt bonds.

**Amend LD 390 by adding a new Part UUUUU**

**PART UUUUU**

**Sec. UUUUU-1. 30-A MRS §6201, sub-§1**, as enacted by PL 2005, c. 266, §2, is amended to read:

**1. Commissioner.** "Commissioner" means the Commissioner of ~~Administrative and Financial Services~~Economic and Community Development.

**Sec. UUUUU-2. 30-A MRS §6201, sub-§1-A** is enacted to read:

**1-A. Capital grant.** "Capital grant" means a grant award from the fund pursuant to section 6208 to cover eligible costs for a capital grant as specified in subsection 5, paragraph C.

**Sec. UUUUU-3. 30-A MRS §6201, sub-§§2, 3 and 5**, as enacted by PL 2005, c. 266, §2, are amended to read:

**2. Cooperative services grant.** "Cooperative services grant" means a grant award from the fund pursuant to section 6208 to cover eligible costs ~~of a qualifying project~~for a cooperative services grant as specified in subsection 5, paragraph B.

**3. Department.** "Department" means the Department of ~~Administrative and Financial Services~~Economic and Community Development.

**5. Eligible costs.** "Eligible costs" means the actual and direct expenses incurred in implementing a cooperative services grant, a capital grant or a planning grant awarded under section 6208, including expenses incurred in connection with the following activities for cooperative services grants, capital grants and planning grants.

A. Eligible costs for a planning grant include the expense of:

- (1) Studies to examine alternative methods of achieving collaboration, including those adopted by other municipalities;
- (2) Cost-benefit studies; and
- (3) Facilitation of community meetings and public outreach and education.

B. Eligible costs for a cooperative services grant ~~includes~~include the expense of:

- (1) Execution and implementation of an interlocal agreement under chapter 115, a tax base sharing arrangement or another regional government mechanism for achieving collaboration;

- (2) Joint strategic planning or comprehensive or capital investment planning;
- (3) Public outreach and education;
- (4) Collaboration or consolidation of offices or services;
- (5) Professional services, such as those provided by attorneys, consultants, facilitators and architects; and
- (6) Administrative services and costs, such as photocopying, printing, telephone service and travel costs.

C. Eligible costs for a capital grant include the expense of:

- (1) Site, facility, infrastructure or utility system acquisition;
- (2) Repair, rehabilitation or renovation of existing facilities;
- (3) New construction or expansion of existing facilities; and
- (4) Purchase of major equipment or systems.

Administrative and other costs of ongoing operations that would otherwise be budgeted by a municipality, county or regional government subdivision are not eligible costs.

**Sec. UUUUU-4. 30-A MRSA §6205, first and last ¶¶**, as enacted by PL 2005, c. 266, §2, are amended to read:

In accordance with the request for proposals issued by the department under section 6209, an eligible applicant may apply for a planning grant, a capital grant or a cooperative services grant from the fund. In order to be eligible for a planning grant, a capital grant or a cooperative services grant, an eligible applicant must demonstrate in its application that the project for which it seeks a grant will be undertaken in cooperation with one or more municipalities, counties or regional government subdivisions.

In applying for a cooperative services grant or a capital grant, an eligible applicant must specify the type of qualifying project for which assistance is sought and how the project will reduce demand for property tax revenues.

**Sec. UUUUU-5. 30-A MRSA §6206**, as amended by PL 2007, c. 662, §5, is further amended by adding after the first paragraph a new paragraph to read:

The department may require an eligible applicant to provide matching funds for a capital grant if suggested by the review panel during consultation required under section 6208, subsection 1.

**Sec. UUUUU-6. 30-A MRSA §6207, sub-§2**, as enacted by PL 2005, c. 266, §2, is amended to read:

**2. Cooperative services grants; capital grants.** In evaluating and ranking each application for a cooperative services grant or a capital grant, the review panel established under section 6208 shall consider the aggregate reduction in the demand for property tax revenue in the geographical region covered by the municipalities, counties and regional government subdivisions cooperating in the qualifying project, the chance of success of the project and the ability to replicate the efficiency achieved by the project in other regions; and other related factors in accordance with a request for proposals issued by the department under section 6209.

**Sec. UUUUU-7. 30-A MRSA §6208, sub-§1, ¶C**, as enacted by PL 2005, c. 266, §2, is amended to read:

C. A representative of the Department of ~~Economic and Community Development~~Administrative and Financial Services, appointed by the Governor;

**Sec. UUUUU-8. 30-A MRSA §6208, sub-§2**, as enacted by PL 2005, c. 266, §2, is amended to read:

**2. Review panel duties.** The review panel established in subsection 1 shall:

A. Determine whether each eligible applicant for a cooperative services grant, a capital grant or a planning grant meets the eligibility criteria under section 6205 and provide written notice to that applicant of its eligibility determination; and

B. In accordance with the request for proposals issued under section 6209, review and rank proposals from applicants eligible for cooperative services grants, capital grants and planning grants under section 6205 against the funding criteria defined in section 6207 and award cooperative services grants, capital grants or planning grants to proposals that best meet the funding criteria in section 6207 subject to availability of funding.

Prior to issuing the request for proposals as provided in section 6209, the department shall consult with the review panel, which may suggest criteria for consideration by the department.

**Sec. UUUUU -9. 30-A MRSA §6209**, as enacted by PL 2005, c. 266, §2, is amended to read:

**§ 6209. Request for proposals**

No later than November 1st of each year, the department shall issue a request for proposals in accordance with the Department of Administrative and Financial Services, Bureau of General Services Rules, Chapter 110 that includes the schedules for submission and action on applications for grants under this chapter; procedures for scoring and ranking those applications; and procedures and information requirements related to application submissions. The department shall provide reasonable notice to all eligible applicants about the availability of the fund and the solicitation of grant proposals.

## **PART UUUUU**

### **SUMMARY**

The Part transfers responsibility for the administration of the fund from the Department of Administrative and Financial Services to the Department of Economic and Community Development. This Part also adds capital grants as a 3rd type of grant available from the fund; current law provides for planning grants and cooperative services grants.



**Amend LD 390 by adding a new Part VVVVV**

**PART VVVVV**

**Sec. VVVVV-1. 20-A MRSA §1051, sub-§6, ¶D,** is enacted to read:

D. A group of school administrative units that have an interlocal agreement pursuant to Title 30-A, chapter 115 in order to establish a school management and leadership center to jointly purchase the services of a superintendent may elect the superintendent in the manner prescribed in their interlocal agreement.

**Sec. VVVVV-2. 20-A MRSA §1461-B, sub-§3, ¶B,** as enacted by PL 2009, c. 580, §5, is amended to read:

B. A plan for an alternative organizational structure ~~may include a collaborative agreement under chapter 114 and~~ must include an interlocal agreement under Title 30-A, chapter 115. The plan must include procedures for conducting a kindergarten to grade 12 budget approval pursuant to paragraph C.

**Sec. VVVVV-3. 20-A MRSA c. 113-A,** as amended, is repealed.

**Sec. VVVVV-4. 20-A MRSA c. 114,** as amended, is repealed.

**Sec. VVVVV-5. 20-A MRSA §2651, sub-§2,** as amended by PL 2015, c. 251, §4, is further amended to read:

**2. Use of fund.** The department shall award grants from the fund to school administrative units, municipalities, counties and groups of 2 or more such entities, ~~including such groups that have entered into a collaborative agreement pursuant to chapter 114,~~ to fund the costs of implementing changes in governance, administrative structures or policies that result in the creation of consolidated school administrative units; purchasing alliances; innovative, autonomous public schools, teacher-led schools, innovative public school districts or innovative public school zones; regional delivery of collaborative programs and educational services; or collaborations of municipal-school service delivery or support systems, with the purpose of improving educational opportunity and student achievement. Grants must be used to implement changes that will be sustained by the school administrative unit, municipality or county without the need for additional grants from the fund or other sources.

**Sec. VVVVV-6. 20-A MRSA 20-A §5205, sub-§6-B,** is enacted to read:

**6-B. School management and leadership center enrollment policies.** Members in a school management and leadership center may adopt a mutual policy allowing the transfer of students, with parental approval, among the member school administrative units. The mutual policy must set forth procedures and standards governing the transfers, including but not limited to the school year or years in which the policy applies, application procedures and standards of responsibility for

transportation and special education. Each member school board that adopts the mutual policy under this subsection shall post a copy of the mutual policy on the school administrative unit's publicly accessible website and shall provide timely notice of the policy to residents of the school administrative unit governed by that school board. For the purposes of chapter 606-B, a student transferred under this subsection is considered a resident of the school administrative unit to which the student transferred.

Sec. VVVVV-7. 20-A MRSA c. 123, is enacted to read:

## **CHAPTER 123**

### **SCHOOL MANAGEMENT AND LEADERSHIP CENTERS**

#### **§3801. General provisions**

**1. Definitions.** As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

A. "Municipality" means a city, town or organized plantation.

B. "School management and leadership center" means a multiservice agency established and operated exclusively for the purposes of developing, managing, and providing services or programs to 2 or more members pursuant to section 3802, subsection 2 and may include associate members pursuant to section 3802, subsection 3. A "school management and leadership center" is a political subdivision pursuant to section 3802, subsection 7.

**2. Establishment.** A school administrative unit as described in section 3802, subsection 2 may become a member of a school management and leadership center through an interlocal agreement pursuant to Title 30-A, chapter 115 and the agreement may include associate members as described in section 3802, subsection 3.

**3. Interlocal agreement.** An interlocal agreement establishing a school management and leadership center must include the structure and governance of the school management and leadership center and its functions, programs and services.

A. An interlocal agreement must include the specifications required pursuant to Title 30-A, section 2203, subsection 2 and a description of:

- (1) The school management and leadership center board composition, election or appointment of officers, board member terms, method of voting;
- (2) An approval process for a new school administrative unit to join the school management and leadership center;
- (3) An approval process for an existing member to transfer to another school management and leadership center;

(4) The process for determining the sharing of costs for and the assessments of or payments to the school management and leadership center;

(5) The budget process that requires a school management and leadership center budget be adopted by a date established in order to meet local school administrative unit budget deadlines. The budget process must include a contingency plan for a budget failure and must be in the cost center summary budget format pursuant to section 1485;

(6) The process for a balanced budget as required by section 3802, subsection 10 and the method of determining the return of any excess funds to the members of the school management and leadership center; and

(7) The process for the disposition of indebtedness and property including by sale or lease, transferred to or from or administered by the school management and leadership center.

B. An interlocal agreement may include but is not limited to a description of the following:

(1) The approval process for the formation of a school management and leadership center;

(2) Any associate members, the process for including associate members and their roles in the school management and leadership and leadership center;

(3) The process to authorize the school management and leadership center to borrow funds for school construction purposes including bonds and notes;

(4) The process to approve the purchase or lease of buildings or land by the school management and leadership center;

(5) The process by which a school management and leadership center may establish, maintain and expend funds from a reserve fund or contingency fund;

(6) The process of hiring an executive director for the school management and leadership center; and

(7) A transition plan to move authorized programs and services from a member to a school management and leadership center.

An interlocal agreement cannot transfer a school administrative unit's responsibility for providing the opportunity of a free public education to each of its students or a free, appropriate education to each of its students with a disability as required by this Title or by federal law.

**4. Duties of the school management and leadership center.** The school management and leadership center's functions, programs and services may include but are not limited to the

following:

- A. Accounting, payroll and financial management services and procurement;
- B. Transportation, transportation routing and vehicle maintenance;
- C. Reporting functions;
- D. Special education programs and administration;
- E. Gifted and talented programs and administration;
- F. Alternative education programs and administration;
- G. Substitute teachers and staff augmentation;
- H. Technology and technology support;
- I. Food service planning and purchasing;
- J. Energy management and facilities maintenance;
- K. Regional school leadership academies;
- L. Staff training and professional development;
- M. Shared educational programs or staff;
- N. Shared support service programs;
- O. Educational programs such as summer school, extended school year, tutoring, advance placement and other programs that serve students and improve student achievement;
- P. Shared extracurricular or cocurricular programs; and
- Q. Superintendent services.

### **§3802. School management and leadership center authorized**

A school management and leadership center shall provide administrative and education functions in accordance with this chapter and shall function as an extension of the member school administrative units and associate members of the school management and leadership center. A member school administrative unit of the school management and leadership center cannot transfer the responsibility for providing the opportunity of a free public education to each of its students or a free, appropriate education to each of its students with a disability as required by this Title or by federal law.

**1. Geographic boundaries.** The commissioner shall determine 9 to 12 geographic areas for the establishment of each school management and leadership center. Membership in a particular school management and leadership center does not require the member to be physically located in the school management and leadership center's geographic boundary.

**2. Members.** Members in a school management and leadership center must be determined by interlocal agreement pursuant to Title 30-A, chapter 115 and may include the following types of school administrative units:

- A. Community school districts pursuant to chapter 105;
- B. Municipal school units pursuant to chapter 111;
- C. Regional school units pursuant to chapter 103-A;
- D. School administrative districts pursuant to chapter 103; or
- E. Schools established on tribal lands pursuant to Title 30, chapter 601.

**3. Associate members.** Associate members for a school management and leadership center may include the following through a contractual agreement or memorandum of understanding with the members of the school management and leadership center:

- A. Career and technical education regions pursuant to chapter 313, subchapter 4;
- B. Public charter schools as defined in chapter 112;
- C. Providers of child development services pursuant to chapter 303;
- D. Magnet schools pursuant to chapter 312 and 312-A;
- E. The Maine Educational Center for the Deaf and Hard of Hearing and the Governor Baxter School for the Deaf pursuant to chapter 304;
- F. Providers of education in the unorganized territory pursuant to chapter 119; or
- G. Municipalities and counties pursuant to Title 30-A.

**4. Provision of services to or from other public entities or nonprofit entities.** A school management and leadership center may provide services to or purchase services from other types of political subdivisions, public entities or nonprofit organizations or associations.

**5. Purchase of services from another school management and leadership center.** A member of a school management and leadership center may purchase services from another school management and leadership center if not provided by the member's school management and leadership center.

**6. Validation.** A school management and leadership center authorized and organized under this chapter is validated, confirmed, approved and declared legal in all respects, notwithstanding any defect or irregularity that may have occurred in the organization of the school management and leadership center or in the selection of the board of that school management and leadership center.

**7. Political subdivision.** A school management and leadership center is a political subdivision within the meaning of Title 5, section 19002, subsection 6 and a quasi-municipal corporation within the meaning of Title 30-A, section 5701, and all the provisions of those sections apply to it. Notwithstanding Title 30-A, section 2203, subsection 8, paragraph B, the members of a school management and leadership center may delegate eminent domain power to the school management and leadership center by agreement. A school management and leadership center is considered a tax-exempt governmental entity for the purposes of Title 36, section 1760, subsection 2.

**8. Executive director.** A school management and leadership center shall employ an executive director, and the interlocal agreement under section 3801, subsection 3 must specify that the executive director shall administer, in compliance with this chapter, the provisions of the interlocal agreement in the school management and leadership center.

**9. Personnel.** The executive director of a school management and leadership center may employ a chief financial officer and may employ additional staff necessary to administer the functions assigned to the school management and leadership center through the provisions of the interlocal agreement under section 3801, subsection 3.

**10. Balance budget.** A school management and leadership center must have a balanced budget and return excess funds to the members as prescribed by the interlocal agreement under section 3801, subsection 3.

**11. Authority to borrow, expend and accept funds.** A school management and leadership center may:

A. Borrow funds in anticipation of a member's payment of its share of the school management and leadership center budget. Such borrowing:

(1) Must be repaid within one year; and

(2) May not at any time exceed 3/4 of the school management and leadership center's annual approved budget;

B. Expend available funds to pay debt service, security and maintenance costs; and

C. Accept and expend funds from state, federal and other sources and expend those funds on behalf of the members.

**12. Bonding authority.** A school management and leadership center may issue bonds and notes for school construction purposes. For purposes of this section, "school construction purposes" includes minor capital costs relating to maintenance of a school's physical plant. The school management and leadership center board shall decide whether the issuance of bonds or notes by the school management and leadership center for school construction purposes is necessary. The board shall determine whether the issuance of bonds or notes is authorized, and, if so, the board shall issue the bonds or notes and administer the proceeds of, and the payment of principal of and interest on, those bonds or notes after issuance. A school management and leadership center may issue bonds and notes for school construction purposes only under the provisions of the interlocal agreement under section 3801, subsection 3.

**13. Withdrawal from a school management and leadership center.** If a single school administrative unit applies to withdraw, it must demonstrate to the commissioner that as a result of the school administrative unit's withdrawing that there will be no increase in costs or decrease in student programs and services for the withdrawing school administrative unit and for any of the remaining member school administrative units of the school management and leadership center.

**14. Dissolution of school management and leadership center.** A school management and leadership center may not be dissolved unless it applies to the commissioner for approval and:

A. All member school administrative units apply to transfer to another school management and leadership center; or

B. If all the member school administrative units of a school management and leadership center apply to dissolve the school management and leadership center, they demonstrate to the commissioner that there will be no increase in costs or decrease in student programs and services for any of the member school administrative units of the school management and leadership center.

**15. Reporting requirements.** A school management and leadership center must meet state

and federal reporting requirements on behalf of each member school administrative unit.

### **§3803. Oversight.**

The commissioner shall provide oversight of the school management and leadership centers, and this oversight must include the following.

**1. Data collection; monitoring.** The commissioner or the commissioner's designee is responsible for collecting, analyzing and reporting data from school management and leadership centers. The commissioner or the commissioner's designee shall monitor the performance and legal compliance of the school management and leadership centers, including collecting and analyzing data to support ongoing evaluation of the school management and leadership centers.

**2. Notification of unsatisfactory performance or compliance.** If a school management and leadership center's performance or legal compliance appears unsatisfactory, the commissioner shall promptly provide written notice to the school management and leadership center and its members of perceived problems and provide reasonable opportunity for the school management and leadership center to remedy the problems. The school management and leadership center shall provide the commissioner a corrective action plan to remedy the problems.

### **§3804. Audit.**

A school management and leadership center shall adhere to generally accepted accounting principles and shall annually engage an external auditor to do an independent audit of the school management and leadership center's finances. The school management and leadership center shall submit the audit to its members and to the department. The audit must be conducted in the same manner as a school administrative unit audit in accordance with chapter 221, subchapter 2.

### **§3805. Application for and approval of a school management and leadership center.**

**1. Application.** The commissioner shall establish an application process under this chapter for the formation of a school management and leadership center. The application must be in a form and contain such information as required by the commissioner, including, but not limited to:

- A. The identification of the school administrative units that are applying to form the school management and leadership center;
- B. The specified structure and governance of the school management and leadership center and its purposes, functions, programs and services;
- C. How any savings resulting from the formation of the school management and leadership center will be used; and
- D. A copy of the proposed interlocal agreement pursuant to section 3801, subsection 3.

**2. Commissioner's approval.** If an application under this section contains the information required pursuant to subsection 1, the commissioner shall notify each school administrative unit participating in the school management and leadership center that, pending voter approval as set forth in subsection 3, the school management and leadership center is approved pursuant to this

chapter. The commissioner shall keep a register of school management and leadership centers that have been approved pursuant to this chapter.

**3. Voter approval.** If the commissioner approves an application for a school management and leadership center pursuant to subsection 2, the school management and leadership center must receive voter approval using the process specified in the interlocal agreement pursuant to section 3801, subsection 3, paragraph B, subparagraph (1).

**§3806. Direct state funding of a school management and leadership center.**

A school management and leadership center receives direct state funds for start-up costs in accordance with section 15689, subsection 9. A school management and leadership center that provides to members at least 2 different services covering a total of at least 2 different categories as specified in section 15683-C, subsection 2 must receive annual support for 55% of the executive director's salary and benefits, an accounting and payroll system, and a student information system.

The school administrative units that are members of a school management and leadership center must receive state funds in accordance with section 15683-C.

**§3807. Regional School Leadership Academies.**

A regional school leadership academy is a professional development consortium that combines state and local programs and resources, including the preparation, licensure, certification, professional development and training for educational leadership, into a coherent system that can significantly improve the recruitment and preparation of prospective candidates for school principalship and other school leadership positions, as well as the induction, mentoring and retention of principals and school leaders during the first 2 years of employment in their school leadership positions. The mission of an academy may be to enhance the quality of the preservice and in-service staff training programs for school principalship and other school leadership positions, to improve the distribution, supply and quality of school leadership personnel in underserved school administrative units in the State and to develop appropriate professional development pathways at participating schools in the academy. To fulfill its mission, the academy may work in coordination with educational leadership mentors and coaches, with high-performing educational leaders and with educator preparation programs and statewide education associations.

**Sec. VVVVV-8. 20-A MRSA §6202, sub-§1-A,** as amended by PL 2009, c. 154, §3, is further amended to read:

**1-A. Interpretation.** The statewide assessment program results may be interpreted in a manner that takes into account the particular role within a school administrative unit of regional special education or regional alternative education programs or schools approved by the commissioner in accordance with ~~chapter 113-A~~ or section 7253. For these programs or schools, the results may be interpreted by assigning the student and the scores of the student to the school in the community where the student resides. The commissioner shall adopt rules to implement this subsection. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.



**Sec. VVVVV-9. 20-A MRSA §15672, sub-§2-A, ¶B,** as amended by PL 2007, c. 111, §3, is further amended to read:

B. Lease costs for school buildings when the leases, including leases under which the school administrative unit may apply the lease payments to the purchase of portable, temporary classroom space, have been approved by the commissioner for the year prior to the allocation year. Lease costs include costs for leasing:

(1) Administrative space. A school administrative unit engaged in a state-approved lease-purchase agreement for administrative space is eligible for state support until July 1, 2008;

(2) Temporary and interim instructional space. Temporary space is instructional space consisting of one or more mobile or modular buildings that are portable, that are constructed on- or off-site and that can be disassembled and moved economically to a new location. Interim instructional space is fixed instructional space that a school administrative unit rents for a defined period of time and then vacates at the end of the lease.

(a) A school administrative unit with state-approved need for instructional space may lease temporary or interim space, with state support, for a maximum of 5 years. A school administrative unit may appeal to the commissioner if this limitation presents an undue burden. When making a determination on a school administrative unit's request for relief based on undue burden, the commissioner may consider, but is not limited to considering, the following:

(i) Fiscal capacity;

(ii) Enrollment demographics; and

(iii) Unforeseen circumstances not within the control of the appealing school administrative unit.

An extension granted by the commissioner beyond the 5-year maximum for state support is limited to a period of one year. Any additional request for extensions must be submitted and reviewed on an annual basis. The commissioner's decision is final.

(b) A school administrative unit with state-approved need for instructional space may engage in a lease-purchase agreement for temporary or interim instructional space with state support for a maximum of 5 years; ~~and~~

(3) Permanent small instructional space that replaces existing approved leased temporary or interim instructional space. Permanent small instructional space consists of new buildings or additions to existing buildings that are secured to a permanent foundation. Once an existing leased temporary or interim instructional space has been replaced by a permanent small instructional space through an approved financing agreement, that space is eligible for state support for a maximum of 10 years; ~~and~~

(4) Regional programs and services space. A school administrative unit engaged in a state-approved lease-purchase agreement for regional programs and services space that serves students from 2 or more school administrative units is eligible for state support for a maximum of 5 years.

The department shall adopt rules necessary to implement this paragraph. Rules adopted by the department to implement this paragraph are major substantive rules pursuant to Title 5, chapter 375, subchapter 2-A; and

**Sec. VVVVV-10. 20-A MRSA §15683-C**, is enacted to read:

**§15683-C. School management and leadership center members; calculation of school management and leadership center administration allocation and state contribution**

Beginning with fiscal year 2018-19, this section applies to school administrative units that are members of school management and leadership centers pursuant to chapter 123.

**1. Calculation of school management and leadership center per-pupil rate.** The commissioner shall calculate a per-pupil amount for school management and leadership center administration. The per-pupil amount for school management and leadership center administration is based on the actual General Fund expenditures for school administrative units with 2,500 students or more for the functions of school boards, elections and central offices, as defined in the State's accounting handbook for local school systems for the most recent year available, excluding expenditures for administrative technology-related software and less miscellaneous revenues from other local governments, divided by the average of October and April enrollment counts for that fiscal year and adjusted by appropriate trends in the Consumer Price Index or other comparable index.

**2. Categories of services of school management and leadership center.** The following are the categories of services that a school administrative unit that is a member of a school management and leadership center pursuant to chapter 123 may purchase for funding purposes under section 3806:

A. Category 1, instructional services, includes the following services:

- (1) Special education programs and administration;
- (2) Gifted and talented programs and administration;
- (3) Alternative education programs and administration;
- (4) Shared educational programs or staff; and
- (5) Educational programs such as summer school, extended school year, tutoring, advance placement and other programs that serve students and improve student achievement.

B. Category 2, education support services, includes the following services:

- (1) Substitute teachers and staff augmentation;
- (2) Technology and technology support;
- (3) Staff training and professional development;

- (4) Regional school leadership academies;
- (5) Shared support services programs; and
- (6) Shared extracurricular or cocurricular programs.

C. Category 3, central office services, includes the following services:

- (1) Accounting, payroll, financial management services and procurement;
- (2) Reporting functions;
- (3) Food service planning and purchasing; and
- (4) Superintendent services.

D. Category 4, facilities and transportation system services, includes the following services:

- (1) Transportation, transportation routing and vehicle maintenance; and
- (2) Energy management and facilities maintenance.

**3. Eligibility for school management and leadership center allocation.** The commissioner shall determine that a school administrative unit is eligible for a school management and leadership center allocation if according to its school management and leadership center interlocal agreement pursuant to section 3801, subsection 3, the school administrative unit purchases at least 2 different services covering a total of at least 2 different categories from the school management and leadership center as specified in subsection 2.

**4. Total allocation and state contribution.** The commissioner shall determine an eligible school administrative unit's total school management and leadership center allocation under subsection 3 as the school management and leadership center per-pupil rate in subsection 1 multiplied by the school administrative unit's subsidizable pupil count for October 1st of the most recent calendar year prior to the year of funding . The state contribution for each school administrative unit's school management and leadership center allocation is the allocation multiplied by the school administrative unit's state share percentage pursuant to section 15672, subsection 31, not to exceed 70% and not less than 30%.

**Sec. VVVVV-11. 20-A MRSA §15689, sub-§9,** as enacted by PL 2007, c. 240, Pt. D, §6, is amended to read:

**9. Regionalization, consolidation and efficiency assistance adjustment.** The commissioner may expend and disburse funds limited to the amount appropriated by the Legislature to carry out the purposes of promoting regionalization, consolidation and efficiency. These funds ~~must~~ may be an adjustment to the qualifying school administrative unit's state allocation. The commissioner may also expend and disburse these funds as follows:

A. For direct contractual agreements to provide legal services, facilitation services and other services to assist a school administrative unit with planning and implementing regionalization, consolidation and efficiencies.

B. For direct support to school management and leadership centers established pursuant to chapter 123 including those costs specified in section 3806; and

C. For department costs incurred for the review of applications and interlocal agreements for school management and leadership centers under chapter 123.

**Sec. VVVVV-12. 20-A MRSA §15689-A, sub-§29,** is enacted to read:

**29. Regional school leadership academies.** Beginning in fiscal year 2018-19, the commissioner may expend and disburse funds to support the establishment of regional school leadership academies pursuant to chapter 123.

**Sec. VVVVV-13. Role of the Department of Education.** In order to provide for the orderly implementation of this Part, the Department of Education shall develop an application form for the formation of a school management and leadership center under the Maine Revised Statutes, Title 20-A, section 3805 and convene an application review team. Funds from The Maine Revised Statutes, Title 20-A, section 15689, subsection 9 may be used for the necessary expenses of the department in the development and administration of school management and leadership centers.

**Sec. VVVVV-14. Effective date.** Those sections of this Part that repeal Maine Revised Statutes, Title 20-A, chapters 113-A and 114 and amend Title 20-A, section 1461-B, subsection 3, paragraph B; section 2651, subsection 2; and section 6202, subsection 1-A take effect June 30, 2020.

## **PART VVVVV SUMMARY**

This Part provides for the creation of 9 to 12 school management and leadership centers. School administrative units may voluntarily establish a school management and leadership center through an interlocal agreement and may include associate members through contractual agreements or memorandums of understanding. A school management and leadership center provides administrative and education functions in accordance with the interlocal agreement and functions as an extension of the schools that are members of the school management and leadership center. Participating school administrative units voluntarily choose which educational functions or support services they purchase from a school management and leadership center.

**Amend LD 390 by adding a new Part WWWW**

**PART  
WWW**

**Sec. WWW-1. 20-A MRSA §1466, sub-§1, first ¶**, as amended by PL 2011, c. 328, §1, is further amended to read:

**1. Petition.** Notwithstanding any general or private and special law to the contrary, ~~B~~beginning January 1, 2012, the residents of a municipality that has been a member of a regional school unit for at least 30 months may petition to withdraw from the regional school unit in accordance with this subsection.

**PART WWW  
SUMMARY**

This Part amends the statute governing petitions to withdraw from regional school units to allow municipalities prohibited from petitioning to withdraw by a general or private and special law to petition to withdraw.

**Amend LD 390 by adding a new Part XXXXX:**

**PART XXXXX**

**Sec. XXXXX-1. 20-A MRSA §2405, sub-§9**, as amended by PL 2011, c. 570, §8, is further amended to read:

**9. Transition period.** The public charter school program set out in this chapter must begin with a 10-year transition period, beginning on the effective date of this chapter. During the transition period, the commissioner shall register the charters approved by all authorizers in chronological order by date of approval under this chapter. During the transition period, only 10 public charter schools may be approved by the commission. Once the cap is reached, the commissioner may authorize no more than one additional public charter school each school year through the end of the 2021-22 school year.~~not accept further registrations from the commission and only local Local~~ school boards and collaboratives of local school boards may approve charters until the end of the transition period.

This subsection is repealed July 1, 2022.

**PART XXXXX  
SUMMARY**

This Part allows the commissioner of the Department of Education to authorize one additional public charter school in each school year through the 2021-22 school year once the statutory cap of 10 public charter schools is reached.

**Amend LD 390 by adding a new Part YYYYY**

**PART YYYYY**

**Sec. YYYYY-1. 20-A MRSA 20-A §5205, sub-§12, is enacted to read:**

**12. Secondary student open enrollment period.** April 1 to May 1, prior to the next school year, shall be an annual open enrollment period for secondary students to choose a public high school in another school administrative unit in the next school year for transfer requests pursuant to subsection 6. During the open enrollment period, the student's resident school administrative unit shall not deny the transfer. School administrative units shall inform all parents of secondary students of the open enrollment period no later than March 1<sup>st</sup> of each year. For the purposes of chapter 606-B, a student transferred under this subsection is considered a resident of the school administrative unit to which the student transferred.

**PART YYYYY  
SUMMARY**

This Part establishes an annual open enrollment period for secondary students during which these students may request to transfer to a public high school outside of their resident school administrative unit for the subsequent school year without the approval of their resident school administrative unit. This Part also requires that parents of secondary students be notified of this option by March 1<sup>st</sup> of each year and transfers the residency of the student to the school administrative unit to which the student is transferred for the purposes of the Essential Programs and Services Act.

**Amend LD 390 by adding a new Part ZZZZZ**

**PART ZZZZZ**

**Sec. ZZZZZ-1. 20-A MRSA §7303** is enacted to read:

**§7303. Education Savings Accounts Pilot Program**

The department shall, in accordance with this section, establish education savings accounts, referred to in this section as "savings accounts," for children with disabilities. Savings accounts may be used by the parents or legal guardians of such children for educational purposes in accordance with this section.

**1. Establish savings accounts.** The department by rule shall establish an application process for a parent or legal guardian of a child with disabilities to request the establishment of a savings account. An application requesting establishment of a savings account must be submitted to the department no later than January 1st preceding the school year in which the account will be used. The department may establish a savings account only upon a demonstration by the parent or legal guardian that the child has been enrolled in a public school for at least one school year and that an individualized education program has been determined for the child, and only if the parent or legal guardian signs an agreement with the department pursuant to subsection 2. The establishment of savings accounts shall be limited to no more than 100 students.

**2. Written agreement.** The department and the parent or guardian of a child for whom a savings account will be established shall sign an agreement that the parent will not enroll the child in a school district or charter school for the school year that the education savings account is established and that the parent or legal guardian shall use a portion of the education savings account funds allocated annually to provide an education for the child in a manner consistent with the Maine Learning Results.

**3. Renewal, rollover and closure.** The department may annually renew a savings account and deposit funds into the account in accordance with subsection 5 if, in accordance with rules adopted by the department, the parent or legal guardian demonstrates that the child continues to have and follow an individualized education program, has completed a national norm-referenced achievement test, and has had a review and acceptance of progress by an identified individual who holds a current Maine teacher's certificate. Unspent funds in a savings account that is renewed remain in the savings account and may be used in accordance with subsection 5, except that no more than 75% of the funds deposited in any year may be carried forward. Any unspent amount that is in excess of 75% of the funds deposited in that year must be transferred at the end of the fiscal year to the State Controller for handling in accordance with subsection 6. If the requirements of this subsection are not met, the department shall close the savings account and transfer all funds



in the savings account to the State Controller, who shall handle the funds as provided in subsection 6.

**4. Maintenance of fund for postsecondary education.** After a child for whom a savings account has been created graduates from high school, no further funds may be deposited in the account, but to the extent there are funds remaining in the account, the fund, at the request of the child or the parent or legal guardian of the child, must, in accordance with rules adopted by the department, remain open and available to help fund a postsecondary course of education for the child. If the child does not enroll in such a course within 4 years after graduating, the department shall close the savings account and transfer all funds in the savings account to the State Controller, who shall handle the funds as provided in subsection 5.

**5. Funding and oversight.** The department shall administer and oversee savings accounts as follows.

A. Each year the department shall deposit into each active savings account 90% of the state subsidy that is attributable to the child for whom the savings account is established and that would otherwise have been provided to the child's school administrative unit under chapter 606-B. The department shall also direct that school administrative unit to deposit into the savings account 90% of the school administrative unit's required contribution to the unit's total cost of education attributable to that child. The department shall calculate these amounts and shall allocate the state funds to the extent possible in a manner consistent with the schedules applicable to state subsidy payments pursuant to section 15689-B.

B. The department and the State Controller may each separately receive up to 1/5 of that 10% of the state subsidy attributable to a child for whom a savings account is established that is not deposited in the savings account. Funds received under this paragraph may be used to pay the costs of administering this section.

C. The parent or legal guardian of a child may expend funds in a savings account only through the use of a debit card and may use funds in the account to pay for only the following educational expenses:

- (1) Tuition and fees at a private primary or secondary school;
- (2) Textbooks;
- (3) Educational therapies;
- (4) Tutoring by a certified teacher or education technician II or III;
- (5) Online classes;
- (6) Test fees;
- (7) Services provided by a public school, including access to or enrollment in extracurricular activities or individual classes;

(8) Reimbursement of fees for transportation related to the child's education, for which receipts must be provided to the department, up to \$500 in any one year;

(9) Consumable materials relating to educational activities, up to \$100 in any one year; and

(10) Tuition and fees at a university or vocational school recognized by the department in accordance with rules adopted by the department or accredited by a regional accrediting agency approved or recognized by the United States Department of Education.

A parent or legal guardian of a child may not use funds in a savings account to pay in cash for any educational expense under this paragraph.

D. On a quarterly basis the department shall review all expenditures from savings accounts to ensure that they are in accordance with the requirements of this subsection and rules adopted under this section. If at any time the department finds that expenditures from a savings account are not in accordance with the requirements of this subsection or rules adopted under this section, the department shall notify the parent or legal guardian of the child of the apparent misuse of funds and shall freeze the account so that no further expenditures may be made. If, after an opportunity for hearing, the department determines that there was no misuse of funds, it shall unfreeze the account. If the department determined there was in fact a misuse of funds, the department shall direct the parent or legal guardian to repay within 30 days to the State the amount of misused funds. All repaid funds must be transferred to the State Controller for handling in accordance with subsection 5. If the parent or legal guardian does not repay the full amount of misused funds or file an appeal of the department's decision within the 30 days, the department shall close the savings account and transfer all funds in the savings account to the State Controller for handling in accordance with subsection 5. A decision by the department under this paragraph is a final agency action that may be appealed to the Superior Court by a parent or legal guardian within 30 days of the decision in accordance with Maine Rules of Civil Procedure, Rule 80C.

**6. Funds returned.** Any funds transferred out of or removed from a savings account or paid to the State by the parent or legal guardian of a child under this section and received by the State Controller must be handled by the State Controller in accordance with this subsection. The State Controller shall divide the funds in the same proportion as the funds are deposited in the savings account from the State and the school administrative unit pursuant to subsection 4 and return the portion attributable to the school administrative unit to that unit and transfer the remainder to the unappropriated surplus of the General Fund.

7. Rules. The department shall adopt rules necessary to implement this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

**Sec. ZZZZZ-2. 20-A MRSA §15689, sub-§14** is enacted to read:

14. Adjustment for education savings accounts. The commissioner shall reduce the state share of the total allocation to a school administrative unit in any year in which one or more education savings accounts under section 7303 are established for children within that school administrative unit. The amount of the reduction must equal the total state subsidy that is attributable to all children in that school administrative unit for whom education savings accounts have been established, as determined by the department pursuant to section 7303, subsection 3, paragraph A.

#### **PART ZZZZZ SUMMARY**

This Part directs the Department of Education to establish education savings accounts for no more than 100 children with disabilities that may be used by the parents or legal guardians of such children for certain educational purposes. The parent or legal guardian and the Department of Education must enter into a written agreement governing the terms of the account and how the funds will be used. The funding for these accounts would come from shifting 90% of the essential programs and services funding that would otherwise be provided by the State and the school administrative unit for the child into the savings account. The Part provides mechanisms for approval of educational expenditures and review of spending from the accounts and provides a renewal process.

**Amend LD 390 by adding a new Part AAAAAA**

**PARTAAAAAA**

**Sec. AAAAAA-1. 20-A MRSA §7209, sub-§3-A**, as enacted by PL 2011, c. 655, Pt. OO, §4, is amended to read:

**3-A. State intermediate educational unit; program functions.** The state intermediate educational unit established pursuant to subsection 3, through a network of regional sites as appropriate, shall:

- A. Engage in child find activities as required by the federal Individuals with Disabilities Education Act, 20 United States Code, Section 1400 et seq.;
- B. Engage in child count activities as required by the federal Individuals with Disabilities Education Act, 20 United States Code, Section 1400 et seq.;
- C. Engage in appropriate data collection, training, staff development and direct service provision to eligible children with disabilities, from birth to under 3 years of age, in accordance with Part C of the federal Individuals with Disabilities Education Act, 20 United States Code, Section 1400 et seq.;
- D. Ensure that eligible children with disabilities, from birth to under 3 years of age, receive early intervention services, in accordance with the payment provisions established by the State;
- E. Ensure that eligible children with disabilities, from 3 years of age to under 6 years of age, receive free, appropriate public education services;
- F. Coordinate with eligible families the development of individualized family service plans for children with disabilities from birth to 2 years of age or coordinate an individualized education program for a child 3 years of age to under 6 years of age; ~~and~~
- G. Ensure that children from birth until 6 years of age who are referred to the Child Development Services System also receive appropriate referrals for support outside of the system, including appropriate public and private programmatic resources, regardless of a child's eligibility for early intervention or free, appropriate public education-; and
- H. Engage in appropriate training and staff development for identification and to provide intervention services for children with autism.

**PART AAAAAA  
SUMMARY**

This Part adds engaging in training and staff development for identification and provision of intervention services for children with autism to the program functions of the Child Development Services System.

**Amend LD 390 by adding a new Part BBBB**

**PART BBBB**

**Sec. BBBB-1. 20-A MRSA §8301-A, sub-§1**, as amended by PL 2003, c. 545, §1, is further amended to read:

**1. Affiliated unit.** "Affiliated unit" means a school administrative unit that is affiliated with another school administrative unit that operates a center. An affiliated school administrative unit may have its secondary students and middle school level students served by a center operated by a school administrative unit with which it is affiliated. An affiliated school administrative unit may also operate career and technical education satellite programs.

**Sec. BBBB-2. 20-A MRSA §8301-A, sub-§2-A**, as enacted by PL 2003, c. 545, §1, is amended to read:

**2-A. Career and technical education.** "Career and technical education" means a course or program of education designed to create or improve job-related skills that is part of a secondary school or middle school level curriculum and approved by the commissioner according to this chapter. A school administrative unit shall make career and technical education available to persons residing in the school administrative unit who are eligible to receive free public secondary and middle school level education.

**Sec. BBBB-3. 20-A MRSA §8301-A, sub-§3**, as amended by PL 2003, c. 545, §1, is further amended to read:

**3. Center.** "Center" means an administrative entity established pursuant to this chapter that provides career and technical education to secondary students and middle school level students. Unless otherwise specifically provided for by this chapter, a center is governed, operated and administered by a single school administrative unit. A center shall make its programs available to serve secondary students and middle school level students from school administrative units with which it is affiliated. A center may include within its administrative structure career and technical education satellite programs operated by school administrative units with which it is affiliated.

**Sec. BBBB-4. 20-A MRSA §8301-A, sub-§3-A** is enacted to read:

**3-A. Middle school level.** "Middle school level" has the same meaning as in section 15672, subsection 20.

**Sec. BBBB-5. 20-A MRSA §8301-A, sub-§§6 and 8**, as amended by PL 2003, c. 545, §1, are further amended to read:

**6. Region.** "Region" means a quasi-municipal corporation established by the Legislature to

provide career and technical education to secondary students and middle school level students that is comprised of all the school administrative units within the geographical boundaries set forth for each career and technical education region in section 8451. A region is governed by a cooperative board formed and operating in accordance with this chapter.

**8. Satellite program.** "Satellite program" means a program providing career and technical education to secondary students and middle school level students that is operated, under section 8403-A, by a school administrative unit affiliated with a center.

**Sec. BBBBBB-6. 20-A MRSA §8305-A, sub-§1,** as amended by PL 2011, c. 679, §7, is further amended to read:

**1. General right.** A person eligible to receive free public secondary and middle school level education may, consistent with this section and department rules:

A. Receive career and technical education from a center, satellite program or region that serves the person's residence; or

B. Receive career and technical education from a center, satellite program or region outside of the geographical area that serves the person's residence, subject to the approval of the governing bodies of the sending unit and receiving center, satellite program or region.

**Sec. BBBBBB-7. 20-A MRSA §8305-A, sub-§2,** as corrected by RR 2003, c. 2, §43, is amended to read:

**2. Admission standards.** A region, center or satellite program shall determine, in accordance with its published admission standards, whether to admit a person to such a region, center or satellite program. Unless otherwise specifically provided for in this chapter, priority to enroll in any career and technical education course of study offered by a region, center or satellite program must be given first to persons eligible to receive a free public secondary or middle school level education who are residents of municipalities served by that region, center or satellite program.

**Sec. BBBBBB-8. 20-A MRSA §8451, sub-§1,** as corrected by RR 2003, c. 2, §60, is amended to read:

**1. Legislative intent.** It is the intent of the Legislature that each career and technical education region shall provide career and technical education in accordance with this chapter and shall function as an extension of the secondary schools and middle schools located within the region's boundaries.

**Sec. BBBBBB-9. 20-A MRSA §8451, sub-§2, ¶H,** as repealed and replaced by PL 2011, c. 679, §17, is amended to read:

H. Region 9. NORTHERN OXFORD COUNTY. Units located in this region include:

- (1) Albany Township;
- (2) Gilead;
- (3) Mason Township;
- (4) Milton Township;
- (5) Riley Township;
- (6) Upton, as long as it sends its secondary students and middle school level students to schools operated by administrative units within the region;
- (7) The portion of Regional School Unit No. 10 comprising the municipalities in the former units of Hanover, Peru, School Administrative District No. 21 (Canton, Carthage and Dixfield) and School Administrative District No. 43 (Byron, Mexico, Roxbury and Rumford); and
- (8) Regional School Unit No. 44 doing business as School Administrative District No. 44 (Andover, Bethel, Greenwood, Newry and Woodstock).

**Sec. BBBBBB-10. 20-A MRSA §8451, sub-§3, ¶A**, as amended by PL 1991, c. 518, §17, is further amended to read:

A. Public secondary schools and middle schools located at: Ashland; Caribou; Easton; Fort Fairfield; Limestone; Mars Hill; Presque Isle; and Washburn are served by centers located in Presque Isle and Caribou.

**Sec. BBBBBB-11. 20-A MRSA §8451, sub-§5, ¶A**, as amended by PL 2011, c. 679, §18, is further amended to read:

A. Public secondary schools and middle schools located in the school administrative units of Madawaska, School Administrative District No. 10 (Allagash), School Administrative District No. 27 (Eagle Lake, Fort Kent, New Canada, St. Francis, St. John Plantation, Wallagrass and Winterville Plantation) and Regional School Unit No. 33 doing business as School Administrative District No. 33 (Frenchville and St. Agatha) are served by a center located in Frenchville (St. John Valley Technology Center), as long as the school boards of former School Administrative District No. 27 (Eagle Lake, Fort Kent, New Canada, St. Francis, St. John Plantation, Wallagrass and Winterville Plantation), former School Administrative District No. 33 (Frenchville and St. Agatha) and Madawaska enter into a cooperative agreement pursuant to section 8401. Career and technical education students from Regional School Unit No. 88 doing business as School Administrative District No. 24 (Cyr Plantation, Hamlin and Van Buren) must be permitted to attend that center on a tuition basis to the extent that there are unused slots available in the career and technical education programs at the center.

**Sec. BBBBBB-12. 20-A MRSA §15672, sub-§1-D**, as enacted by PL 2011, c. 679, §27, is amended to read:

**1-D. Career and technical education costs.** "Career and technical education costs" for subsidy purposes means all costs incurred by the career and technical education regions, centers or satellites in providing approved secondary school and middle school level career and technical education programs, excluding transportation, capital costs and debt service.

## **PART BBBBBB SUMMARY**

This Part amends the career and technical education laws to enable career and technical education programs to serve students in grades 6 to 8.



**Amend LD 390 by adding a new Part CCCCCC**

**PART CCCCCC**

**Sec. CCCCCC-1. 20-A MRSA §10012, sub-§1, ¶B,** as enacted by PL 2011, c. 615, §1, is amended to read:

B. The name of each secondary school in the State from which a traditional student enrolled in a remedial course received a high school diploma ~~and~~, the number of those students from each of those schools and the costs to those students resulting from taking the remedial courses; and

**Sec. CCCCCC-2. 20-A MRSA §10012, sub-§4,** as enacted by PL 2011, c. 615, §1, is repealed.

**Sec. CCCCCC-3. 20-A MRSA §15689, sub-§6-A** is enacted to read:

**6-A. Adjustment for costs of remedial courses.** The commissioner shall reduce the state share of the total allocation to a school administrative unit by an amount equal to the cost of remedial courses taken at the University of Maine System, the Maine Community College System and the Maine Maritime Academy, referred to in this subsection as "public institutions of higher education," by students who graduated from that school administrative unit, as identified pursuant to section 10012, subsection 1, paragraph B. The reduction must occur in a first school year that a student took a remedial course, beginning after the issuance of the report pursuant to section 10012. The commissioner shall forward the amount of state share by which the total allocation to a school administrative unit is reduced to the treasurer of the appropriate public institution of higher education. Each public institution of higher education that receives funds under this subsection shall use the funds to reduce or eliminate the cost to students of taking remedial courses and shall describe how it used the funds to achieve that reduction or elimination in the report submitted under section 10012.

**PART CCCCCC  
SUMMARY**

This Part requires the University of Maine System, the Maine Community College System and the Maine Maritime Academy to report the cost to the students of remedial courses taken by students from each school administrative unit in the subjects of English language arts and mathematics, by school administrative unit, and requires the Commissioner of Education to reduce state subsidy to the school administrative units and to pay those funds to the higher education institution. Those higher education institutions are required to use the funds to reduce or eliminate the cost of remedial courses to their students and to report to the Commissioner of Education and the Legislature how those funds were used to achieve the reduction or elimination of costs.

**Amend LD 390 by adding a new Part DDDDDD**

**PART DDDDDD**

**Sec. DDDDDD-1. 26 MRSA §962, sub-§5A**, is enacted to read:

**5-A. Public education employee.** “Public education employee” means any employee of a public school who fills any position that the Department of Education requires be filled by a person who holds the appropriate certification, authorization, or license required for that position.

“Public education employee” does not include any employee of a public school who fills a position that the Department of Education requires to be filled by a person holding a certificate pursuant to Title 20-A. section 13019-A, 13019-B, or 13019-C or only requires an approval pursuant to Title 20-A section 13024.

Disputes regarding this subsection between the State and the bargaining agent for public education employees as determined under section 965, subsection 1-A, paragraph B shall be resolved by the Maine Labor Relations Board.

This subsection is repealed 90 days after the adjournment of the First Regular Session of the 129<sup>th</sup> Legislature.

**Sec. DDDDDD-2. 26 MRSA §962, sub-§§8 and 9** are enacted to read:

**8. Public school.** “Public school” means a school that is governed by a school board of a school administrative unit and funded primarily with public funds.

This subsection is repealed 90 days after the adjournment of the First Regular Session of the 129<sup>th</sup> Legislature.

**9. State.** “State” means the State of Maine represented by the Governor or the Governor’s authorized representative.

This subsection is repealed 90 days after the adjournment of the First Regular Session of the 129<sup>th</sup> Legislature.

**Sec. DDDDDD-3. 26 MRSA §965, sub-section 1, ¶ C**, as amended by 2009 P.L. 10, c. 107, §5, is further amended to read:

C. To confer and negotiate in good faith with respect to wages, hours, working conditions and contract grievance arbitration, except that by such obligation neither party may be compelled to agree to a proposal or be required to make a concession and except that public employers

of teachers shall meet and consult but not negotiate with respect to educational policies; for the purpose of this paragraph, educational policies may not include wages, hours, working conditions or contract grievance arbitration. To confer and negotiate in good faith with respect to wages, hours, working conditions and contract grievance arbitration, except that by such obligation neither party may be compelled to agree to a proposal or be required to make a concession and except that public employers of teachers shall meet and consult but not negotiate with respect to educational policies; for the purpose of this paragraph, educational policies may not include wages, hours, working conditions or contract grievance arbitration. Until 90 days following the adjournment of the First Regular Session of the 129<sup>th</sup> Legislature, this paragraph does not apply to the negotiation of standard salary and standard benefits for public education employees employed by a school administrative unit that meets the criteria under subsection 1-A, paragraph F; however, the school administrative unit retains the duty to bargain until a contract that establishes standard salary and standard benefits for public education employees pursuant to subsection 1-A takes effect;

**Sec. DDDDDD-4. 26 MRSA §965, sub-§1-A** is enacted to read:

**1-A. Public education employees negotiation.** This subsection governs the negotiation of standard salary and standard benefits for public education employees.

A. Notwithstanding any other provision of this section, solely for the negotiation of standard salary and standard benefits for public education employees the State is considered the public employer and subject to all limitations and responsibilities provided in this chapter. It is the obligation of the State and the bargaining agent representing public education employees across the state to bargain collectively for standard salary and standard benefits for public education employees in accordance with this subsection. For the purposes of this subsection, "collective bargaining" means the mutual obligation of the State and the bargaining agent representing public education employees:

- (1) To meet at reasonable times;
- (2) To meet within 10 days after receipt of written notice from the other party requesting a meeting for collective bargaining purposes, as long as the parties have not otherwise agreed in a prior written contract;
- (3) To execute in writing any agreements arrived at, the term of any such agreement to be subject to negotiation but may not exceed 2 years; and
- (4) To participate in good faith in the mediation, fact-finding and arbitration procedures required by this section.
- (5) To confer and negotiate in good faith with respect to salary and benefits.

B. Any cost item related to this subsection is the financial responsibility of the State. The cost item must be based upon student-staff ratios as established under title 20-A chapter 606-B.

A cost item related to this subsection must be submitted for inclusion in the Governor's next operating budget within 10 days after the date on which the agreement is ratified by the parties. If the Legislature rejects any of the cost items related to this subsection submitted to the Legislature, all cost items related to this subsection, must be returned to the parties for further bargaining.

For purposes of this paragraph, "cost item" means any benefit acquired through collective bargaining the implementation of which requires an appropriation by the Legislature.

C. The organization representing the majority of public education employees shall be the bargaining agent to represent public education employees for the collective bargaining purposes of this subsection between the State and the organization. The organization must provide to the State a demonstration of majority support of public education employees.

D. Aside from the negotiation of standard salary and standard benefits under this subsection, a public education employee remains the employee of the public employer.

E. All other matters appropriate to collective bargaining must be negotiated pursuant to subsection 1 by the public employer and the bargaining agent determined under section 966.

F. This subsection only applies to public education employees who are employed by a school administrative unit that:

(1) After approval of the school board, notifies the commissioner of the Department of Education that the school administrative unit will participate and meets the following criteria:

(a) the school administrative unit's percentage of economically disadvantaged students as determined pursuant to section 15675, subsection 2 is greater than the state average percentage of economically disadvantaged students;

(b) The school administrative unit's regional adjustment as determined pursuant to section 15682 is less than 1.00;

(c) The school administrative unit's state share percentage as determined in Title 20-A, section 15672, subsection 31, is greater than 60%; and

(d) The school administrative unit operates a school; or

(2) After approval of the school board, petitions the commissioner of the Department of Education to participate. The commissioner must respond to such a petition with an approval, denial, or a request for additional information within 30 days of receiving the request.

G. All collective bargaining agreements between bargaining agents and a participating school administrative unit entered into prior to completion of a contract pursuant to this subsection, will continue to be in effect and remain the financial responsibility of the participating school administrative unit for the remainder of their unexpired terms unless the bargaining agent and participating school administrative unit mutually agree otherwise.

This subsection does not prohibit the negotiation of salary and benefits in addition to what is negotiated between the State and the bargaining agent under this subsection.

This section is repealed 90 days after the adjournment of the First Regular Session of the 129<sup>th</sup> Legislature.

**Sec. DDDDDD-5. 20-A MRSA §1485, sub§ 1-A** is enacted to read:

**1-A Instructional expenditures transition; annual targets.** Each school administration unit must meet the annual targets for the direct instruction percentage share of total general fund expenditures as follows:

(1) For fiscal year 2019-20, the target is 61%.

(2) For fiscal year 2020-21, the target is 63%

(3) For fiscal year 2021-22, the target is 65%

(4) For fiscal year 2022-23, the target is 67%

(5) For fiscal year 2023-24 and succeeding years, the target is 70%.

Direct instruction are those expenditures in subsection 1, paragraph A for regular instruction, special education instruction, career and technical education instruction and other instruction including summer school and extracurricular instructions as defined in the State's accounting handbook for local school systems.

**Sec. DDDDDD-6. Funding Plan.** The Commissioner of Education shall develop a plan for funding the implementation of this Act, including how it will be incorporated in the school funding formula for the 2019-2020 school year.

## **PART DDDDDD**

### **SUMMARY**

The Part authorizes the State to bargain for a contract for standard salary and benefits in for public education employees in participating school districts.

**Amend LD 390 by adding a new Part EEEEEEE:**

**PART EEEEEEE**

**Sec. EEEEEEE-1. Department of Education, review and initiative to address truancy.**

The Department of Education shall review the regional work of “Count ME In”, which is focused on positive consistent attendance in school through all grade levels. The Health Team within the Department of Education shall undertake a comprehensive attendance initiative, looking at a holistic approach to supportive services to children to ensure they are attending school and receiving the necessary supports for positive educational outcomes. The department shall report back to the committee having jurisdiction over education and cultural affairs as to the status of this work by January 31, 2018.

**PART EEEEEEE  
SUMMARY**

This Part directs the Department of Education to review the work of “Count ME In” and to undertake a comprehensive attendance initiative to address truancy. This Part also directs the department to report back to the committee having jurisdiction over education and cultural affairs in January 2018.

**Amend LD 390 by adding a new Part FFFFFFFF**

**PART FFFFFFFF**

**Sec. FFFFFFFF-1. Maine Educational Policy Research Institute, review assessments.** Direct the Maine Educational Policy Research Institute as part of their work plan to review testing and assessment required in Maine schools and make recommendations to the committee having jurisdiction over education and cultural affairs during the second session of the 128th Legislature about reforms that will ensure such assessments are not taking undue time away from teaching and the results are used to inform teacher instruction.

**PART FFFFFFFF  
SUMMARY**

This Part directs the Maine Educational Policy Research Institute to include a review of required testing and assessments in Maine schools as part of its work plan and to make recommendations based upon this research to the committee having jurisdiction over education and cultural affairs during the second session of the 128th Legislature.

**Amend LD 390 by adding a new Part GGGGGG**

**PART GGGGGG**

**Sec. GGGGGG-1. 5 MRSA §1591, sub-§2**, as amended by PL 2015, c. 267, Pt. VV, §§1-3, is further amended to read:

2. Department of Health and Human Services. The Department of Health and Human Services must apply:

A. Any balance remaining in the accounts of the Department of Health and Human Services appropriated for the purposes of homemaker or home-based care services at the end of any fiscal year to be carried forward for use by either program in the next fiscal year;

B. Any balance remaining in the Traumatic Brain Injury Seed program, General Fund account at the end of any fiscal year to be carried forward for use in the next fiscal year;

C. Any balance remaining in the General Fund account of the Department of Health and Human Services, Bureau of Medical Services appropriated for All Other line category expenditures at the end of any fiscal year to be carried forward for use in the next fiscal year;

D. Any balance remaining in the accounts of the Department of Health and Human Services, Mental Health Services - Community program appropriated for the purposes of rental assistance, shelter services and consent decree activities at the end of any fiscal year to be carried forward for use in the next fiscal year for the same purpose;

E. Any balance remaining in the Consent Decree program, General Fund account at the end of any fiscal year to be carried forward for use in the next fiscal year;

F. Any balance remaining in the Medicaid Waiver for Brain Injury Residential/Community Services program, General Fund account at the end of any fiscal year to be carried forward for use in the next fiscal year;

G. Any balance remaining in the Medicaid Waiver for Other Related Conditions program, General Fund account at the end of any fiscal year to be carried forward for use in the next fiscal year;

H. Any balance remaining in the Bridging Rental Assistance Program, General Fund account at the end of any fiscal year to be carried forward for use in the next fiscal year for the same purpose; ~~and~~

I. Any balance remaining in the Consumer-directed Services program, General Fund account at the end of any fiscal year to be carried forward for use by this program in the next fiscal year; and



J. Any balance remaining in the Office of Substance Abuse and Mental Health Services program, General Fund account at the end of any fiscal year to be carried forward for use by this program in the next fiscal year.

**PART GGGGGG  
SUMMARY**

This Part requires that any remaining balance in the Office of Substance Abuse and Mental Health Services program, General Fund account within the Department of Health and Human Services be carried forward for use in the next fiscal year.

**Amend LD 390 by adding a new Part HHHHHH**

**PART HHHHHH**

**Sec. HHHHHH-1. 22 MRSA §14, sub-§2-I, ¶F, sub-¶2** as amended by PL 2009, c. 150, §3 is further amended to read:

(2) Any other real and personal property and other assets in which the recipient had any legal interest at the time of death, to the extent of that interest, including assets conveyed to a survivor, heir or assign of the deceased recipient through tenancy in common, survivorship, life estate, living trust, joint tenancy in ~~personal property~~ or other arrangement ~~but not including joint tenancy in real property~~.

**PART HHHHHH  
SUMMARY**

This Part updates the definition of “estate” to facilitate recovery actions on property upon the death of both joint tenants.

**Amend LD 390 by adding a new Part IIIII**

**PART IIIII**

**Sec. IIIII-1. Opioid diversion prevention grant.** The Department of Health and Human Services shall establish criteria for a grant to be awarded to a provider of services that alert prescribers or dispensers to the drug-related criminal background of patients and shall award the grant to the applicant most closely fitting those criteria. The Department is authorized to adopt emergency rules under Part TTTT of this Act for the implementation of this provision.

**PART IIIII  
SUMMARY**

This Part requires the Department of Health and Human Services to establish criteria for a grant to be awarded to a provider of services that alert prescribers or dispensers to the drug-related criminal background of patients and shall award the grant to the applicant most closely fitting those criteria.

**Amend LD 390 by adding a new Part JJJJJ**

**PART JJJJJ**

**Sec. JJJJJ-1. Transfer of Personal Services balances to All Other; Office for Family Independence.** Notwithstanding any other provision of law to the contrary, in fiscal years 2017-18 and 2018-19 only, the Department of Health and Human Services is authorized to transfer available balances of Personal Services appropriations in the Office for Family Independence program and the Office for Family Independence – District program after all financial commitments for salary, benefit, other obligations and budgetary adjustments have been made to the All Other line category in either the Office for Family Independence program or the Office for Family Independence – District program for information technology and related services. These amounts may be transferred by financial order upon the recommendation of the State Budget Officer and approval of the Governor. These transfers are not considered adjustments to appropriations.

**PART JJJJJ  
SUMMARY**

This Part authorizes the Department of Health and Human Services to transfer by financial order available Personal Services line category balances in the Office for Family Independence program and the Office for Family Independence – District program to All Other line category in either the Office for Family Independence program or the Office for Family Independence – District program in order to provide information technology and related services.

Amend LD 390 by adding a new Part KKKKKK

**PART KKKKKK**

**Sec. KKKKKK-1. 25 MRSA §2003, sub-§19** is enacted to read:

**19. Nonresident applications.** A nonresident concealed handgun permit may not be issued by an issuing authority of this State to a person who has does not first hold a concealed handgun permit, or a substantially equivalent permit or license, issued by that person's state of residence, if the person's state of residence has the authority to issue concealed handgun permits, or substantially equivalent permits or licenses, to its residents. A permit issued under this chapter to a nonresident is not valid outside the borders of the State.

**PART KKKKKK  
SUMMARY**

This Part requires that a nonresident concealed handgun permit be issued only to a person who holds a concealed handgun permit in the person's state of residence.