Legislative BULLETIN

A PUBLICATION OF MAINE MUNICIPAL ASSOCIATION

Vol. XXIX No. 2 January 12, 2007

The Governor's Proposed School Consolidation Plan

As widely reported in the press, Governor Baldacci's proposed two-year state budget targets its sharpest focus on the structure and design of public education in Maine, from the age of zero through Grade 12.

As municipal officials are aware, a coalition of interest groups is also advancing legislation designed to achieve significant efficiencies in the delivery of K-12 administrative services. That coalition includes the Maine Municipal Association, the Maine Education Association, the Maine State Chamber of Commerce, and the Maine Hospital Association.

The way the Governor is proposing to consolidate Maine's school systems is very different from the approach taken by the coalition, although some of the goals regarding the reduction in school administrative costs are similar.

The primary differences are in approach and objective.

With respect to approach, the Governor's plan abolishes all existing school boards and the school-related legislative authority of all existing local legislative bodies. In contrast, the coalition's plan would have the Legislature establish financial goals and service-delivery profiles that need to be met, but leave the decision-making authority to meet those goals at the local and regional level where those services are actually performed.

As for the contrast in objectives, the coalition's plan will lead to a reorganization of a certain service; that is, the function of school administration (along with municipal administration where those functions admit to being merged). The Governor's plan, on the other hand, mandates a consolidation of governing authority and political power.

From the local perspective, the reorganization of the delivery of a certain service or function can certainly lead to efficiencies and should always be explored. Local government officials, however, do not understand financial efficiencies to be the automatic result of a consolidation of political power.

A side-by-side comparison of the two approaches is included as a side-bar to this article.

Details of Plan

The Governor's proposed budget is published as a thick book and is also available online at www.maine.gov/dafs. Anyone interested in obtaining a hard copy of the pages in the proposed budget relating to the consolidation of Maine's school systems should contact MMA's Laura Veilleux at 1-800-452-8786. Perhaps the most straightforward way to describe the Governor's approach to school consolidation is to scroll down through the budget document with a brief description of the various provisions.

***Page A-183.* Repeal efficiency fund.** In the first part of the budget document (Part A), there are listed all the individual lines of the state budget. A line on this page records the Governor's proposal to repeal the Fund for the Efficient Delivery of Educational Services. This Fund was created by the voters when they adopted Question 1A on June 8, 2004, and it was designed to set aside 2% of the annual

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Joint Rule In Jeopardy

As reported in last week's *Legislative Bulletin*, the Legislature has the opportunity to assume a position of leadership regarding spending discipline ("Will the Legislature Set the Spending Limit Example?"). As described in that article, the only plausible manner by which the Legislature can lead on spending is to adopt a Joint Rule to govern the state's LD 1 spending limit, since Joint Rules may only be amended by a 2/3 vote.

On Monday, January 9th, the Legislature's Rules Committee, which is composed of House and Senate Members of both parties, unanimously recommended the adoption of a joint rule requiring supermajority passage of any spending that would exceed the LD 1 limit.

This joint rule is the lynch pin to the legislation addressing Maine's tax burden being championed by MMA, the Maine Education Association, the Maine Hospital Association, and the Maine State Chamber of Commerce.

On Tuesday, January 10th, the Senate unanimously endorsed the joint rule. The wording of that joint rule is as follows:

Any legislation that exceeds the spending limitations established under the Maine Revised Statutes, Title 5, section 1534 must be proposed in a separate measure that addresses the excess amount solely and that may be enacted only by

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school funding appropriation, or approximately $18 million a year, and provide those resources to school systems on a competitive grant system to assist with school reorganization efforts that would demonstrably achieve efficiencies. Despite the fact that Maine's voters adopted it, the Legislature never seriously implemented this Fund. Just $300,000 was set aside in the last budget cycle for this purpose.

Page A-184. **Consolidation "savings"**. In this line of the proposed budget document, a $36.5 million in savings to the state budget is recorded for the second year of the biennium (FY 09). This "savings" is associated with the Governor's reductions in the EPS allocation for administration. It purportedly reflects the consolidation of all school administrative units into 26 districts. Those savings are predicated on the elimination of approximately 900 jobs in 126 superintendent offices across the state, as well as an assumed 5% reductions in transportation, special education, and building and operations services.

Page A-184. **Student-teacher ratios**. The proposed budget changes the student-teacher ratios in the Essential Programs and Services school funding model. The issue runs to the integrity of the EPS model and how the model is actually being used from a public policy point of view. Specifically, is the EPS model supposed to accurately describe the adequate cost of K-12 education so that the state share of 55% is reasonably measured? Or is the model supposed to be used as a mechanism, as in this case, to force larger class sizes? Currently, the student-teacher ratios in the EPS model are 17:1 at the elementary level, 16:1 at the middle school level, and 15:1 at the high school level. The budget would change the model to 17:1 at all grade levels. The change reduces the amount of money the state needs to provide in order to claim it is meeting its 55% funding obligation. Accordingly, the state budget for public education is being reduced by $12.5 million for each year of the budget. Apparently 600-plus middle and high school teachers would have to be laid off in order to get to that ratio level.

Page A-184. **GPA.** The bottom-line appropriation for General Purpose Aid for Education (GPA) for the next fiscal year (FY 08) is pegged in the proposed budget at $990.5 million, about $500,000 below the Commissioner's recommended funding level of a month ago. The FY 07 appropriation was $914 million. The $76 million increase brings the state to its third-year commitment on the four-year ramp to fund 55% of the cost of K-12 education, at least as that cost is measured by the Essential Programs and Services Funding model. This budget bill, obviously, contains a number of very significant changes to the EPS model that will have long-term impacts on what "55%" really means.

Page L3-L4. **New and emerging uses of GPA**. Unlike the Part A "appropriations" section of the proposed budget document, the Part C "language" sections contain more detail to explain the proposed changes. On these pages, the various components of the $990.5 million GPA appropriation are spelled out. One element of the GPA appropriation pays for the salaries and benefits of nearly seven Department of Education employees who provide professional and administrative support in the Department's management information systems program. Another element of the overall GPA appropriation pays for the salaries and benefits of four other Department of Education employees to support the "Learning Through Technology" program. A third element of the overall GPA appropriation will also pay the costs associated with an agreement with a computer vendor to provide one-to-one wireless computers for Maine's middle and high school students and teachers.

Page L-53. **"Regional learning communities."** The proposal to consolidate all school administrative units into 26 regional districts begins on this page of the proposed budget document. This section of the budget is entitled "Establish Regional Learning Communities" because each of the new 26 school districts created by this proposal would be called a "Regional Learning Community".

Pages L-54-55. **Abolish existing school boards/school systems**. By amending the definitions in existing law of such legal entities as "school committees", "school administrative districts", "community school districts", "school unions", etc., these pages of the proposed budget document effectively abolish all existing school boards and school systems as of June 30, 2008.

Page L-60. **Implementation timeframe.** According to the proposed budget, the fiscal year that begins in five months would be the "transition year", and the first year in which the new 26 school districts would be operating would begin on July 1, 2008.

Page L-60-63. **New school regions.** The geographic definition of the 26 regions are laid out on these pages. The 26 regions encompass 515 municipalities, townships, plantations, and unorganized territories. By number of municipalities, the largest region would in Piscataquis County with 40 municipalities. The average number of municipalities in each proposed district is 20.

Page L-63. **Principal for every school/transition teams**. The proposed budget calls for the Department of Education to provide a transition assistance team to each of the 26 proposed regions. The proposed budget also calls for the EPS model to build into the allocation for each school facility a full-time principal's position under the apparent theory that with the consolidation of administrative functions at the regional level, there would also be a delegation of some increased administrative function, including a liaison function with the central office, to each school facility level.

Page L-64. **Taking of school property.** This section of the proposed budget automatically transfers all public school real estate from the current owners to the regional districts. The consolidation plan

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Legislative Bulletin

A weekly publication of the Maine Municipal Association throughout sessions of the Maine State Legislature.

Subscriptions to the *Bulletin* are available at a rate of $20 per calendar year. Inquiries regarding subscriptions or opinions expressed in this publication should be addressed to: *Legislative Bulletin*, Maine Municipal Association, 60 Community Drive, Augusta, ME 04330. Tel: 623-8428. Website: www.memun.org

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School Reorganization: Comparing Approaches

Governor: Consolidate School Systems	Coalition: Redesign the delivery of K-12 Administration
The focus is on consolidating into large, nearly county-sized regions the school district governing boards and associated political power.	The focus is on restructuring and regionalizing a particular service – K-12 administration (and similar-function municipal administration).
Top-down prescription of final results.	Legislature establishes both financial and delivery-profile goals to be achieved and gives over the decision-making authority to achieve those goals to the local level, where those services are actually performed.
Abolish all existing school boards and school systems and recreate 26 regional schools districts along the geographic boundaries of the vocational educational regions.	Work within the geographic boundaries of the vocational educational regions to form planning alliances made up equally of school officials, municipal officials and the general public/private sector to: (1) inventory the present K-12 administrative service delivery system within that region; and (2) redesign that system in whatever manner makes sense within the region provided the Legislature's financial goals are achieved.
Repeal Fund for Efficient Delivery of Educational Services, adopted by Maine's voters on June 8, 2004.	Actually use the Fund for Efficient Delivery of Educational Services as it was intended
Take school property and financial resources from current municipal owners and give over to the new regional authorities.	Respect the property rights of the current owners. Again, the focus is on the redesign of K-12 administrative services, not the consolidation of school facility ownership into regional authorities.
Amend the EPS school funding model to assume projected savings are achieved with respect to: (1) system administration, transportation, special education, and buildings and operation costs; and (2) model-induced increased classroom sizes.	Retain the core function of the EPS model to realistically represent the necessary cost of K-12 education, both for each school administrative unit and statewide, to ensure the state contribution of 55% does not become an arbitrary mathematical abstract, and to ensure that the local EPS-based budget limitation system does not produce unrealistic or absurd spending benchmarks.
Mandate large, region-wide collective bargaining agreements.	Explore opportunities to reorganize and coordinate existing collective bargaining schedules and units along regional or cross-regional lines that make sense.
Consolidation completed in 18 months to meet political and budgetary timeframes.	Administrative services reorganized over a more realistic three-year timeframe.

also authorizes the 26 regional school systems to refuse the assumption of any local school system's debt service obligations.

***Page L-65.* Taking of financial assets**. Similar to the transfer of all school-related real estate, the proposed budget requires the transfer of all school-related financial assets belonging to the existing school systems to be transferred to the regional systems.

***Pages L-66-73.* Organizing the consolidated governing systems.** The proposed budget unsuccessfully attempts to encharter the 26 regional school systems by relying on existing school district law and striking out the term "school district" wherever it appears and replacing it with "regional learning community". That approach provides no specific direction about who would do what and by when and under what authority. For example, the proposed budget provisions

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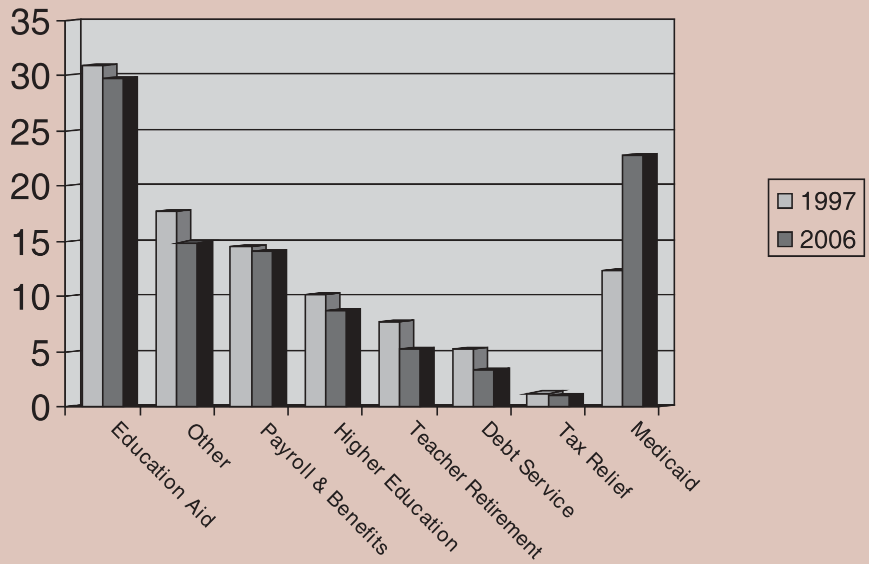
General Fund Trends

As the FY 2008-09 budget is being discussed, we thought it might be worth revisiting budget trends from the past 10 years. The Office of Fiscal and Program Review provides very useful data on state expenditures from FY 1997 to FY 2006. The data referenced in the following article are taken from the OFPR website: (http://www.maine.gov/legis/ofpr/).

General Fund Appropriations – Major Category Share



Since 1997, the State's General Fund has grown by $1 billion or 60% in nominal dollars. In real dollars (taking out the influence of inflation) the General Fund has grown by approximately 40% during this period. The annual growth rate has averaged 5.4%.

During this period, 7 of 8 major expenditure categories, including local education aid, are receiving a smaller share of the General Fund in 2006 than they did in 1997. The reductions in share are mostly modest reductions. The most significant (relatively speaking) is the reduction in the share of the General Fund going to debt service. It has fallen from 5.1% to 3.4% during this time period (a reduction of 36%).

Medicaid/MaineCare is the only major category receiving a larger portion of the General Fund in 2006 than it did in 1997. In 1997, Medicaid's share of the budget was around 12%, by 2006 it had grown to 20% (an increase of 84%). Its ranking went from 4th to 2nd in terms of major General Fund categories.

General Fund aid to Education appears to be flat since 1997. However, this 10-year review masks the fact that the share of aid devoted to Education dipped to a low of 25.8% in 2001.

The tax relief share of the General Fund is misleadingly flat. The amount of the General Fund devoted to tax relief climbed from $23 million in FY 1997 (1.3% of General Fund) to $113 million in FY 2005 (4.1%) before plummeting to $31 million in FY 2006 (1.1%).

General Fund appropriations devoted to tax relief climbed steeply following the enactment of the Business Equipment Tax Refund program (BETR). However, in 2006 the state began accounting for the BETR reimbursements differently. BETR reimbursements are now "off-budget" in that they are no longer General Fund appropriations.

This leads to another question: How much of total state expenditures are appropriations from the General Fund rather than appropriations from other funds or "off budget" appropriations. In FY 1997, the General Fund accounted for just under 45% of all state expenditures ($1.8 billion General Fund vs. $3.9 billion total). In FY 2006 the General Fund accounted for just over 42% of all state expenditures ($2.8 billion vs. $6.7 billion).

Of the approximately $4 billion in non-General Fund expenditures in 2006, the two most significant items were the expenditure of federal funding ($2.4 billion) and the Highway Fund ($371 million). The balance consists of a series of what are called dedicated accounts such as the Healthy Maine/Tobacco Fund.

Over 2,000 Bills Submitted

A review of 2,300 bill titles submitted by the members of 123rd Legislature suggests that the Joint Standing Committee on Taxation will be busy. Tax relief, in its many forms, is the issue of the year.

50% of the 300 bill titles that appear to be of obvious municipal significance are tax related. Members of the Legislature have submitted bills to achieve tax relief, improve the property tax and rent program, amend the Homestead Exemption program, fully fund the Homestead Exemption program, amend the motor vehicle excise tax, extend or expand property tax exemptions to certain groups, such as churches and veterans, provide local option taxing authority, and require tax exempt property owners to pay fees in lieu of taxes, just to name a few.

Election issues are also of legislative interest this session. Bills seeking to address absentee balloting, instant run-off voting, campaign sign placement on public property and same day voter registrations are on the legislative agenda. A bill seeking to provide the public with some notice of a citizen initiative question has also been submitted.

EPS (Essential Programs and Services), the state's school funding model, is also a target as several bills seek to amend the model in a variety of ways, or abolish it. Bills requiring schools to use increased state aid to reduce property tax burden have also been submitted.

Transportation issues are on the minds of many legislators, including a bill with many sponsors regarding truck axle weight limits. Welfare reform, including proposals implementing residency requirements for recipients of state and local aid, is an issue of interest for some legislators. County government is garnering legislative attention with bills running the gamut from strengthening, appropriately funding and abolishing the counties. On the environmental side, controlling the placement of outdoor wood boilers is getting some attention, as is controlling the residency location of convicted sexual offenders.

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SCHOOL (cont'd)

establish the size of each of the 26 new school boards to be somewhere between 5 and 15 members, a decision to be left apparently to a convention of the "the municipalities". In some similar way, "the municipalities" would apparently determine how the representation would be divided within the entire geographic region. The proposed budget would allow, among a number of other methods, the regional school board directors to be elected "at large" by the voters of the entire district.

Page L-74. **High school limit.** The proposed consolidation, borrowing again from existing school district law, would limit the number of public high schools in any district to just one unless the regional district had more than 700 high school students. It is unclear what the limits would be in that circumstance.

Page L-80. **Mandate budget adoption process.** The method of adopting a regional school district budget is mandated by the proposed budget bill as the so-called "budget validation process" which is currently one of a number of budget adopting procedures that may be used by a CSD or a SAD. Under this "budget validation process", the school budgets of the big regions would first have to be approved at an open meeting conducted in the manner of a town meeting, but to somehow accommodate as many as 40 towns in the district. No more than three days after the open meeting vote on the budget, there would have to be a referendum vote conducted in each municipality to validate, or confirm, the budget adopted at the open meeting.

Page L-96. **Recommended elementary school closures**. In another parallel to existing law, if the board of directors of the regional district recommends the closure of an elementary school, that closure could be blocked by a vote of the affected municipality, but the elementary school would remain open at purely local expense.

Page L-129. **"90% rule".** Finally, the very last section of the proposed budget frames the Governor's approach to mandating that the "savings" associated with the consolidation of school districts be returned to the property taxpayers. For reasons that are unclear, this is referred to in the budget bill's summary as mandating "property tax reductions equivalent to 90% of the state share of education funding provided in the budget", which is an inaccurate representation of the language actually in the bill. The way this particular mandate is worded is difficult to follow, but it would appear to require each school to quantify in dollars two proposed changes to the EPS model in the budget as they relate to that school system, and then certify to the Department of Education that the school budget was reduced by at least that amount. Specifically, the school's "savings" associated with the EPS model defining larger classroom sizes and the school's "savings" associated with the EPS model reducing its support for "system administration" (the superintendent's office) from $346 per student (which is the level of financial support the EPS model currently uses) to $186 per student (which is the change to the model the Department is using to justify its calculation of savings associated with the school district consolidation plan). In short, however many less dollars are in the EPS model will automatically become the dollar savings to the property taxpayers that the schools will have to certify to the Department. The budget bill then directs the Department of Education to report each school's property tax reduction to the local property taxpayers.

JOINT RULE (cont'd)

a 2/3 vote of the elected membership of each chamber. This rule expires December 2, 2008.

Comments from senators of both parties made it clear that this was a true compromise. Some Republicans felt it wasn't a strong enough cap and some Democrats were uncomfortable endorsing supermajority requirements – even in a limited circumstance – rather than simple majority rule.

That afternoon, the proposed joint rule stalled in the House. The ostensible reason for stalling the process was that some House Democrats had raised questions about the constitutionality of the proposed rule. The Attorney General's Office has been asked to render an immediate opinion. None was available as of Friday morning.

This upcoming Tuesday (January 16th) is the effective deadline for the House to act on this joint rule. For procedural reasons, after Tuesday the passage of this proposed joint rule would be extremely doubtful.

The constitutional issue appears ungrounded. Case law and Opinions of the Justices have repeatedly stated that legislative power is absolute absent a "clear and unmistakable" constitutional prohibition. There is no "clear and unmistakable" prohibition on supermajority voting for a small fraction of state spending. An Attorney General's Opinion on TABOR hinted at a possible problem with two-thirds voting requirements but focused primarily on other issues which have no relevance here (i.e., legislation which would bind future legislatures, condition certain legislative acts upon citizen ratification, or shift tax and fee authority away from the Legislature).

It is clear that supermajority voting is unpopular in some corners, including some municipal corners. MMA's policy committee took the extraordinary step of supporting supermajority or required referendum voting in certain local budget situations. However, it did so with reservation and with the expectation that municipal limits were part of a broader package which included enforceable state spending limits.

If the State is reluctant to lead on this issue, one has to wonder whether legislators are prepared to follow wherever the next citizen initiative might go.

2,000 BILLS (cont'd)

Judging the merits of a bill by its title is just as difficult as judging a book by its cover. However, based on our initial review, it appears as though the general legislative sentiment as expressed through the vast majority of these bills is to work constructively with local government to address Maine's challenges in the spirit of cooperation.

(The bill summaries are written by MMA staff and are not necessarily the bill's summary statement or an excerpt from that summary statement. During the course of the legislative session, many more bills of municipal interest will be printed than there is space in the *Legislative Bulletin* to describe. Our attempt is to provide a description of what would appear to be the bills of most significance to local government, but we would advise municipal officials to also review the comprehensive list of LDs of municipal interest that can be found on MMA's website, www.memun.org.)

Appropriations & Financial Affairs

LD 44 – An Act To Require Changes in the Essential Programs and Services Funding Formula Concerning Labor Market Areas. (Sponsored by Rep. Edgecomb of Caribou; additional cosponsors.)

This bill essentially removes the "regional adjustment" factor within the Essential Programs and Services school funding model.

LD 58 – An Act To Ensure State Budget Funding for Wastewater Treatment Facilities and Water Supply Facilities. (Sponsored by Rep. Flood of Winthrop; additional cosponsors.)

This bill appropriates $2.9 million for each year in the 2007-2008 biennium to provide grants and loans for public drinking water systems and wastewater treatment facilities.

LD 59 – An Act To Restore Continuing Funding for the Maine Institute for Public Safety Innovation. (Sponsored by Rep. Makas of Lewiston; additional cosponsors.)

This bill establishes a 2% surcharge on all fines imposed by a court in Maine, with the revenue dedicated to the Maine Institute for Public Safety Innovation, which is or would be located within the University of Maine to provide training and educational programs for law enforcement and public safety agencies.

LD 64 – An Act To Recapitalize the Maine Downtown Center. (Sponsored by Rep. Watson of Bath; additional cosponsors.)

This bill appropriates $300,000 in FY 08 for the purpose of recapitalizing Maine's Downtown Center within the State Planning Office.

LD 118 – An Act To Provide Funding for the Drinking Water Program. (Emergency) (Sponsored by Rep. Hayes of Buckfield; additional cosponsors.)

This bill appropriates $1.66 million in the current fiscal year (FY 07) to match 20% of an $8.3 million federal grant for public drinking water improvements.

Criminal Justice & Public Safety

LD 67 – An Act To Reduce the Cost of the Operation of County Jails. (Sponsored by Rep. Crockett of Augusta; additional cosponsors.)

This bill requires prisoners who are sentenced for terms of six months or more to be incarcerated in state prisons rather than county jails. Current law establishes that standard at terms of more than nine months.

LD 68 – An Act To Provide a Reward for Information regarding the Murder of a Law Enforcement Officer. (Sponsored by Rep. Harlow of Portland; additional cosponsors.)

This bill establishes a process for the state to offer a reward of $25,000 for information that leads directly to a conviction for the murder of a law enforcement officer.

LD 96 – An Act To Require a Test for Operating under the Influence for a Driver Involved in an Accident That Caused Bodily Injury. (Sponsored by Rep. Schatz of Blue Hill; additional cosponsors.)

This bill requires mandatory drug and alcohol testing of an operator of a motor vehicle involved in an accident involving bodily injury as current law requires for accidents involving death.

Inland Fisheries & Wildlife

LD 116 – An Act To Adjust Fees for Certain Resident and Nonresident Licenses, Registrations and Permits Issued by the Department of Inland Fisheries and Wildlife. (Sponsored by Rep. Sirois of Turner; additional cosponsors.)

This bill adjusts hunting and licensing fees by increasing certain nonresident license, permit and registration fees by approximately 20% and reducing resident hunting, combination and fishing fees by $3 each.

Labor

LD 75 – An Act To Prohibit Credit Checks for Purposes of Employment. (Sponsored by Rep. Barstow of Gorham; additional cosponsors.)

This bill prohibits employers from performing or requiring a credit check on an employee or prospective employee as a condition of hiring or employment.

LD 105 – An Act To Promote Hiring of Seasonal Workers. (Sponsored by Rep. McKane of Newcastle; additional cosponsors.)

This bill changes from 5 weeks to 10 weeks the amount of time an employer may hire an employee without being charged for unemployment benefits.

LD 124 – An Act To Allow the Recovery of Reasonable Attorney's Fees. (Sponsored by Rep. Harlow of Portland; additional cosponsors.)

This bill requires that a judgment in favor of an employee in an action brought against an employer for an unfair labor agreement include liquidated damages equaling the cost of the lawsuit, including attorney fees, as well as actual damages.

Natural Resources

LD 78 – An Act to Protect Neighborhoods from Scrap Metal Pollution. (Emergency) (Sponsored by Rep. Harlow of Portland; additional cosponsors.)

This bill amends Maine's junkyard and automobile graveyard statutes to prohibit the placing of junk, scrap metal, vehicles or other solid wastes within 1,000 feet of inland waters or tidal waters or within 700 feet of an abutting property owner.

LD 109 – An Act To Require a Model Radon Standard for New Residential Construction. (Sponsored by Rep. Koffman of Bar Harbor; additional cosponsors.)

This bill requires that if a municipality adopts a radon code or standard for new residential construction, that municipality must adopt a radon code or standard recommended by the American Society for Testing and Materials.

LD 128 – Resolve, Directing the Board of Environmental Protection to Adopt Rules to Improve the Emissions and Efficiency of Outdoor Wood Boilers. (Sponsored by Rep. Berry of Bowdoinham; additional cosponsors.)

This resolve directs the Board of Environmental Protection to adopt rules by January 1, 2008 to control the sale, installation, siting and use of outdoor wood boilers at residences and places of business.

State & Local Government

LD 129 – An Act To Provide for the Nonpartisan Election of County Commissioners. (Sponsored by Rep. Hotham of Dixfield; additional cosponsors.)

This bill establishes the election of county commissioners as nonpartisan elections by requiring candidates for the office of county commissioner to file as a candidate by petition rather than as a candidate by primary election.

LD 130 – An Act To Allow County Commissioners To Appoint Registers of Deeds. (Sponsored by Rep. Hotham of Dixfield; additional cosponsors.)

This bill allows the county commissioners, or the voters by petition, to place a question to the county voters at referendum to change the register of deeds position from an elected position to a position appointed by the county commissioners.

LD 142 – Resolve, To Improve the Professional Development of County Officials. (Sponsored by Rep. Barstow of Gorham; additional cosponsors.)

This resolve directs the Intergovernmental Advisory Commission (IAC) to establish a working group to examine and suggest improvements to the professional development opportunities available to county officials. The working group could also recommend requiring new qualifications of office and updating those qualifications currently required for county officials. The working group is also tasked with considering the feasibility of having county officials appointed where election is the current method of selection. The working group will include representatives from municipalities, counties and the State and shall report its findings to the Joint Standing Committee on State and Local Government by January 15, 2008.

Taxation

LD 79 – An Act To Repeal the Excise Tax on New Motor Vehicles. (Sponsored by Rep. McDonough of Scarborough; additional cosponsors.) (By Request)

This bill repeals the motor vehicle excise tax on a new motor vehicle. The excise tax would only be applied starting with every new motor vehicle's second year of ownership at the second year rate.

LD 80 – An Act To Make Changes to the Maine Residents Property Tax Program. (Sponsored by Rep. McKane of Newcastle; additional cosponsors.)

This "concept draft" bill proposes to amend Maine's so-called "circuit breaker" program by: (1) changing its name; (2) changing its filing dates; (3) allowing applications as part of the income tax filing; (4) amending the current rules regarding certain forms of income.

LD 81 – An Act To Update the Property Tax Exemption for Parsonages. (Sponsored by Rep. Farrington of Gorham; additional cosponsors.)

This bill would increase the property tax exemption for parsonages from $20,000 to $100,000.

LD 82 – Resolve, To Create a Study Commission To Evaluate the County Tax Structure. (Sponsored by Rep. Robinson of Raymond; additional cosponsors.)

This "concept draft" bill proposes to create a study commission to evaluate the county tax structure as it relates to property valuation. The goal of the study would be to construct a county tax assessment system that would uncouple the county tax base from land valuation. The study commission would be directed to examine different ways to assess county taxes, including assessments based on population or on services actually rendered.

LD 89 – An Act To Repeal the Automatic Increase in the Gasoline Tax. (Sponsored by Sen. Courtney of York Cty; additional cosponsors.)

This bill repeals the annual inflation indexing of the excise tax on motor fuel.

LD 132 – An Act To Reform the Maine Tax Code. (Sponsored by Rep. Rand of Portland; additional cosponsors.)

This "concept draft" bill proposes to reform Maine's tax system by: (1) increasing the level of income against which the highest marginal rate (currently 8.5%) would apply; (2) creating local option sales taxes; and (3) broadening the sales tax base.

Transportation

LD 60 – An Act To Authorize a General Fund bond Issue for Maine's Roads and Bridges. (Sponsored by Rep. Duprey of Hampden; additional cosponsors.)

This bill would send out the voters a $60 million bond proposal for the repair of Maine's roads and bridges.

LD 86 – An Act To Require the Collection of Information on Vehicle Accidents on Private Property. (Sponsored by Sen. Bartlett of Cumberland Cty; additional cosponsors.)

This bill requires that an accident report be filed for motor vehicle accidents that occur on private property just as current law requires for accidents on a public way.

LD 114 – An Act To Prohibit the Use of Handheld Cellular Telephone while Operating a Motor Vehicle. (Sponsored by Rep. Berube of Lisbon; additional cosponsors.)

This bill prohibits the use of a handheld cellular telephone while operating a motor vehicle, with exceptions for the following persons if they are acting within the scope of their employment: drivers of emergency vehicles, physicians, holders of commercial driver's licenses; municipal public works personnel, Maine Turnpike Authority personnel and state transportation personnel.

Utilities & Energy

LD 36 – An Act To Transfer the Administration of the Renewable Resource Fund from the State Planning Office to the Public Utilities Commission. (Sponsored by Rep. Bliss of South Portland; additional cosponsor.)

This bill transfers administrative responsibilities from the State Planning Office to the Public Utilities Commission (PUC) of the program established by the PUC allowing retail electricity customers to make voluntary contributions to fund renewable resource research and development and to fund demonstration community projects using renewable energy techniques. The bill also expands the list of entities that are eligible to participate in the demonstration community projects to include municipalities and school administrative districts (perhaps intending to include school administrative units).

FCC Ruling Anti-Municipal

This is the message from the Federal Communications Commission (FCC) regarding the lack of competition in the cable TV market. The FCC, by a 3 to 2 vote, has stated that it has evidence that municipalities are imposing "unreasonable" franchise terms to multi-billion dollar telephone companies (e.g., Verizon in Maine).

As you know, federal law has allowed any company the option of providing cable television services as long as that company negotiates a franchise agreement with the municipality first. That franchise, which is essentially a lease agreement allowing private industry to use space in public rights of way, is the means by which communities are able to insure that public interests are served by the company as it utilizes public property, not just the private, for-profit interests of industry.

For years, municipalities and cable companies have been negotiating franchise agreements. Key public-interest provisions in these franchises include:

- adequate access for public educational and governmental (PEG) local access channels;
- fair compensation for the use of the public property;
- reasonable "build-out" provisions to make certain that all neighborhoods will be served, not just some.

While the negotiations of franchise agreements can sometimes be long and difficult, the cable companies and municipalities have found ways to reach agreements.

The telephone companies don't feel they need to play by the same rules. Unfortunately, they have gotten the FCC to agree. If the FCC ruling from December is allowed to stand, telephone companies may be able to sidestep many of the important public interest provisions discussed above. And you can bet that if the telephone companies don't have to meet these obligations, the existing cable companies will turn around and demand an "equal playing field" so that 30 years of balancing the legitimate interests of industry with the legitimate public interest will be dead. In fact, the FCC has already indicated that it will study this issue.

Over ten years ago, many cable regulations, including price controls, were repealed by the federal government in order to encourage competition in the cable industry. The fact that this competition did not materialize must be somebody's fault. Looks like the municipalities are it.

So, one has to wonder: when the telephone giants fail to offer cable TV service to Aroostook, Washington, or Piscataquis counties, who is the FCC going to blame next?

Interested municipal officials should contact the Congressional delegation and let them know that the FCC should not be able to re-write the Telecommunications Act to favor some well-heeled interests.