

Legislative BULLETIN

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School Consolidation Plan

As reported in last week's *Legislative Bulletin*, a subcommittee of the Appropriations Committee was tasked with developing a school consolidation proposal to be folded into the state's biennial budget bill, along with its projected state savings however they may be calculated. The subcommittee is made up of Rep. Emily Cain (Orono), Rep. Sawin Millett (Waterford), Sen. Peggy Rotundo (Androscoggin Cty.), and Sen. Karl Turner (Cumberland Cty.).

The subcommittee appears to have wrapped up its major decision-making process and the thrust of its recommendations is contained in a draft document that is going to be further amended according to recent subcommittee directions.

The public-policy centerpiece of the subcommittee's recommendation is that: (1) smaller school districts and municip-

pal school systems should be dissolved and newly-created school districts of at least 2,500 students should be formed; (2) all of that should happen by November 15 of this year; and (3) the new school districts should be formed without the formal consent of the local voters.

Here is the thrust of the subcommittee's recommendation.

Planning Alliances Out, Department of Education In. In the approach developed by the coalition of which MMA is a part, and now contained in LD 804, the thinking was that the best entity to convene and convince the local public to support the consolidation of school systems would be regionally-organized task forces made up of local leaders and members of the general public and private sector. In short, people who have a lot of knowledge of the region and for whom there is a high level of familiarity

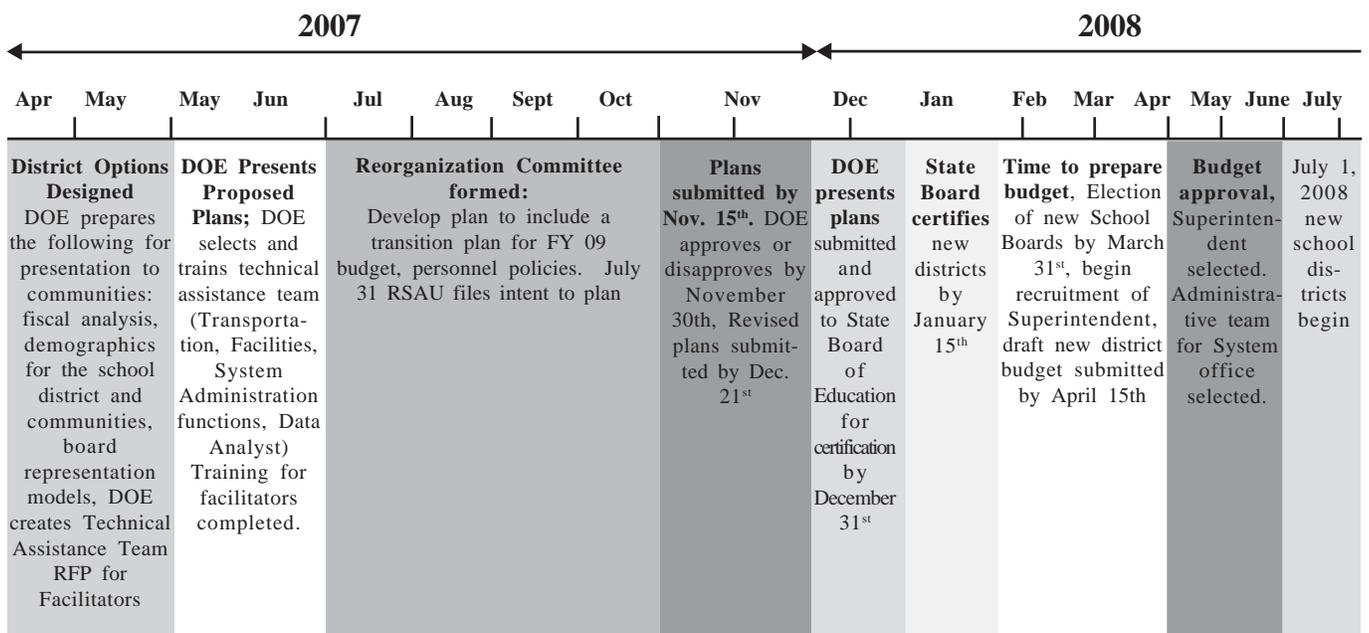
and trust. In LD 804, these task forces were called "planning alliances".

The Appropriations subcommittee rejected the planning alliance approach. Instead, the draft plan calls for the Department of Education to convene the school boards in response to a legislative mandate for nearly all school boards in Maine to submit plans that fold their school systems into others and thereby end the governing system to which they were elected. These detailed consolidation proposals must be submitted by the school boards to the Department no later than November 15, 2007.

Throughout the process envisioned by the subcommittee, the Department of Education shall: (1) recommend certain consolidations; (2) either directly facilitate or contract for the facilitation of the

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Regional School Administrative Unit Implementation Timeline



Tax Committee Leading By Example

For any board of selectmen or city council tackling an extremely tough subject...or for any comprehensive planning committee or regional planning group charged with addressing an inherently controversial topic...or for any working group or study committee assigned what common wisdom suggests is an impossible task...or for anyone who has to write a thesis or term paper on how people can be brought together in the public sector to effectively accomplish an enormously complex job...the Taxation Committee has demonstrated by its own example the decision-making model worth emulating.

In the legislative arena, there is no more challenging a task than comprehensive tax reform; it is the proverbial "third rail" of politics. For well over a decade, comprehensive tax reform has been viewed as a top legislative priority, ranking right up there with health care, economic development, tax burden management and now school reform. Despite that very high ranking, virtually all attempts to move comprehensive tax reform through the Legislature have crumbled into dust.

After watching the present Taxation Committee in action, however, there is some reason for hope. Never

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Legislative Bulletin

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(A plan developed by Rep. John Piotti and Sen. Joe Perry)

Highlights of Proposed Tax Fairness Plan

Overall Goal: Reduce tax burden on Maine residents

1. Cut income taxes on individuals and small businesses (-103MM)

Individual income tax

- Reduce rate to 6%
- Create new "middle income" tax credit to ensure progressivity
- Increase Maine's EITC to 15% of federal EITC and make it refundable
- Repeal Maine's "Alternative Minimum Tax"

Corporate income tax

- Reduce rate to 8.5% (same as New Hampshire)

2. Provide property tax relief (-42MM)

Circuit Breaker

- Rename program the "Maine Resident Property Tax Credit"
- Simplify application and place on state income tax form.
- Lower threshold to 6% and increase maximum benefit to \$2,500

Homestead

- Increase exemption to \$26,000 (50% reimbursable by state)
- Allow municipalities to "opt out" of un-reimbursed portion

Other

- Reactivate state's property tax deferral plan (ended in 1994)
- Allow municipalities to assess appropriate service fees on non-profits
- Allow municipalities to retain 20% of future growth in local sales tax revenues
- Enact meaningful safeguards to control municipal, county and school spending

3. Pay for it in ways that minimize burden on Maine residents (+145MM)

- Remove key exemptions that are least disruptive to Maine people and businesses
- Impose sales tax on some discretionary and tourist-based services
- Impose surcharge on real estate transfers of residences worth more than \$500,000
- Increase excise tax on beer and wine (for the first time since 1960s)
- Increase meals and lodging tax to 8% (same as New Hampshire) and retain existing proportion dedicated to promoting tourism

before has the process of developing a comprehensive tax reform package been so carefully, thoughtfully, and respectfully accomplished.

Previous editions of the *Legislative Bulletin* have described the process as each phase of the tax reform effort unfolded.

In the first phase, the Committee identified by consensus the principles of tax reform, a foundation document

which serves to ground the Committee in its task. Without these guiding principles, the process would have fallen apart by now.

The second stage was a month-long listening phase, where the Committee opened its ears to all ideas on the subject of comprehensive tax reform from experts and non-experts, legislators and lay people, taxpayers and tax administrators, tax lovers and tax

haters...patiently listening without prejudice.

The third stage involved the presentation of three conceptual but detailed tax reform plans, all generated from within the Committee itself. The “Piotti-Perry” plan, the “Nass-Strimling” plan, and the “Woodbury” plan. Those three presentations are included as sidebars to this article. The

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(Excerpts of a plan developed by Rep. Dick Woodbury, Sen. Joe Perry and Sen. Peter Mills)

1. 10-year Tax Burden Reduction Plan

- Imposes spending limits that reduce Maine’s tax burden over time.
- Equalizes spending limits for state, count, municipal and school government.
- Imposes tougher override provisions.

2. Financial Incentives for Cost-Efficient Service Delivery

- Redefines EPS to reward cost-efficient school administrative districts.
- Redefines revenue sharing to reward cost-efficient municipal service delivery areas.

3. Income Tax Reduction to 4 Percent of Income

- Simplifies tax code by imposing a flat 4 percent tax on adjusted gross income.
- Eliminates nearly all exemptions and deductions.
- Establishes a new earned income tax credit for low and middle income workers, so that tax reduction is achieved at all income levels.
- Eliminates the alternative minimum tax.
- Conforms to the federal estate tax.

4. Shifts Burden from Income to Sales Taxes

- Lowers income tax rate from 8 ½ percent to 4 percent.
- Substantially broadens the sales tax base with a focus on consumer purchases.
- Raises the general sales tax rate to 6 percent.

- Increases the meals and lodging tax to 10 percent, but redefines the meals subject to the higher tax rate to “table service” meals only.
- Raises taxes on tobacco products; beer, wine and hard cider; and short-term auto rentals, so that Maine is at the higher end of excise taxes among the 50 states.

5. Homestead Property Taxes Capped at 5 Percent of Income

- Integrates and simplifies the homestead exemption and circuit breaker programs.
- Caps the property tax bill sent to homeowners, rather than refunding after-the-fact.
- Effectively limits homestead property taxes to no more than 5 percent of income.

6. Additional Homestead Property Tax Relief

- Establishes a local option real estate transfer tax with revenues used exclusively for a local option homestead exemption or a local option circuit breaker program.
- Transfers responsibility for management and financing of county jails to state government; funded by a property tax of up to 3 mils on non-homestead property only.

7. Enactment by Public Referendum. Given the controversial nature of tax reform in general and the heightened public emotion surrounding Maine’s taxes in particular, this bill would be sent to referendum for public consideration, engagement and final enactment in a single question.

three presentations serve a number of important functions in the process. They come from within the Committee, so the partisan or political posturing is muted. They move the discussion from mere theory toward reality in a non-threatening way. They serve as “straw dogs” to get kicked around a little bit. And they quietly describe the potential scope of the tax reform package.

Given the inherent political difficulty of structural tax reform of any kind, all three plans deserve to be called “bold”, but one is bolder than the first, and the third is boldest of them all.

This week the Committee is fully engaged in the development stage. The preparation work has been done and a structural tax reform recommendation is being crafted. Just as has been the case with every other stage of this process, somebody gave serious thought to the management of these deliberations. The Committee has adopted a specific type of deliberative process where the common components of tax reform (income tax reduction, sales tax expansion, property tax relief) are reviewed in an “iterative” process. The goal is not to rush to the final plan in all its details. Instead, each component is “worked” by the Committee for a period of time, and then set aside temporarily to allow discussion on the next component, which is then reviewed for as long as the discussion is profitable and then set aside for the next, and so forth and so on, around-and-around. This process of deliberatively polishing each element of the raw tax reform recommendations gently moves the Committee closer and closer to the desired result without breaking the final product.

As of this writing, the details have yet to emerge. Generally speaking, they are embedded somewhere within the three Committee-based presentations that are re-presented in this article. On the property tax side, the Committee appears headed to somehow improving access to the Circuit Breaker program and increasing the Homestead property tax exemption to \$26,000 in value, 50% reimbursed, with each municipality being given the choice to carry or not-carry the \$13,000 unreimbursed portion.

(A plan developed by Sen. Richard Nass and Sen. Ethan Strimling)

RELIEVE

Property Tax Relief

- Increase the Homestead Exemption to \$50,000
- Increase 100% Circuit Breaker threshold to 6% and maximum reimbursement to \$2,500
- Cap Circuit Breaker eligibility at \$60,000 for individual and \$85,000 for household.

Cost: \$82,000,000

Income Tax Relief

- Reduce the top rate from 8.5% to 6.99%
- Reduce rate for other income brackets to 1%, 2%, 5% (from 2%, 4.5%, & 7%)
- Refund Earned Income Tax Credit (EITC) at 25% of federal credit
- Low Income Tax Credit Increased to \$10,000
- Conform to federal personal exemption (from \$2,850 to \$3,400)
- Eliminate standard and itemized deductions

Cost: \$168,000,000

TOTAL: \$250,000,000

REBALANCE

- Eliminate Saxl Commission Sales Tax Exemptions (\$160M)
- Eliminate Non-Staple Food Exemption (\$15M)
- Increase Meals and Lodging to 9% (\$47M)
- Flatten Corporate Tax Rate (\$8M)
- Increase Beer and Wine by .25 and .15 (\$20M)

TOTAL: \$250,000,000

RESTRAIN

A constitutional amendment which will:

- Require a 2/3rds vote of the Legislature to increase the income tax rate, motor vehicle excise tax rate, or the sales tax rate.
- Require a 2/3rds vote of a local elected body, or town meeting, to increase the mill rate, or to implement a sales tax. Sales tax must go toward property tax or motor vehicle excise tax relief.
- Allow a municipality, through a vote of the electorate, to opt out of the un-reimbursed portion of the Homestead Exemption.

Criminal Justice Committee Responds to Municipal Concerns

The members of the Criminal Justice Committee are to be commended for their compromise on LD 676, *An Act to Implement the Recommendations of the Task Force to Study Maine's Homeland Security Needs*. On Wednesday this week, the Committee sorted through the numerous elements of LD 676 and reported out balanced recommendations. As a result of the Committee's work, several changes have been proposed to the bill that have the impact of both enhancing public safety and addressing concerns from the municipal community that the goals of the printed bill were largely being funded with property taxpayer dollars.

While the Committee members did not take a final vote on LD 676, there appears to be consensus on the following changes:

Local Health Officer Qualifications/Training. From the municipal perspective, the most troubling element of the printed bill was the mandatory training and education of local health officers (LHO) to a set of standards that have not been created. As proposed, all health officers hired after January 1, 2008 would have had to meet the education standards (as yet unknown), while currently employed health officers would have had until June 1, 2008 to comply with the education mandate.

As amended by the Committee, Maine Center for Disease Control and Prevention (CDC), will be first tasked with developing the local health officer training and qualification standards and presenting those standards to the Criminal Justice Committee for final adoption in 2008.

Shelter/Transportation/On-going Medical Care Requirements. As originally printed, LD 676 mandated municipalities and counties to amend local disaster response plans to identify a shelter within the county that would allow pets; create a plan for ensuring that residents continue to receive necessary medical care during disasters; and implement a process for identifying persons needing transportation during an emergency.

At the recommendation of the Department of Defense, Veterans and Emer-

gency Management, the Committee amendment directs the Maine Emergency Management Agency (MEMA) to work with municipal and county officials to develop plans for addressing the pet shelter, transportation and on-going medical care issues. The charge includes a directive to get state, municipal and county officials working together to build the system, rather than having the state dictate how it will be done.

Dam Safety Fund. The printed bill would have also created a Dam Safety Fund and required municipalities to fund the program by assessing annual fees against municipally owned dams. The

Water Rule Levels-Off

On Thursday afternoon the Department of Environmental Protection (DEP) reported to the Natural Resources Committee that the parties interested in the new water quantity rule had met and reached an agreement. As reported in last week's *Legislative Bulletin*, the hearing on LD 968, *Resolve, Regarding Legislative Review of Portions of Chapter 587: In-stream Flow and Water Level Standards, a Major Substantive Rule of the Department of Environmental Protection* generated a great deal of interest.

The proposed rule would establish standards for how much water certain users could withdraw from surface water bodies (lakes and rivers). The primary users are water utilities and agricultural entities. The environmental interests are generally focused on rivers and fish.

Two primary sticking points were: (1) whether the rule would be part of Maine's implementation of the federal Clean Water Act rather than a stand-alone state law; and (2) how will water utilities who face significant costs for compliance be treated.

The DEP originally proposed to fold this rule, which is really focused on water quantity, into the state's Clean Water Act implementation plan which is primarily focused on quality. There are several reasons this makes sense. However, a consistent concern was that unless the

fees would have ranged from a high of \$1,000 per dam for "significant and high hazard potential" dams and a low of \$40 per dam for "low hazard potential" dams. The revenue generated by the fund would have been used to fund one full-time dam safety inspector position and one part-time administrative position within MEMA.

At the work session, representatives from the Department of Defense clarified that funding for the dam safety inspector position was already included as part of the Governor's General Fund budget and mentioned that additional administrative work could be accomplished with existing staff. Based on that information, the Committee decided to exclude the Dam Safety Fund from the amended bill.

EPA is mandating that something be done, we might as well leave the federal law and the EPA out of the chain of command for this rule.

Following the hearing and the stakeholder meeting on Wednesday, the DEP decided that moving the rule into a stand-alone state statute would satisfy the Department's goals.

The only real concern expressed with this change was by some environmental groups. They requested clarification on the manner by which the new rule will be enforced, and it appears that clarification about state-level enforcement will be forthcoming.

The crux of the second issue is a phrase "economic feasibility." That is, in reviewing the operations of a water utility, the DEP indicated that it would only require a utility to spend money to fix a quantity-related problem if it is economically "feasible." While this flexibility was greatly appreciated, it wasn't well defined.

The DEP is now proposing to define this concept in a way that an investment to fix a problem is feasible if it can be done within an existing rate structure and is not feasible if it would force a rate increase.

The stakeholders seemed satisfied that these two improvements will make the new rule workable.

LEGISLATIVE HEARINGS

Monday, April 2

Criminal Justice & Public Safety **Rm. 436, State House, 1:00 p.m.** **Tel: 287-1122**

LD 146 – An Act To Enhance Self-defense.

LD 778 – An Act To Enhance the Qualifications for a Concealed Firearms Permit.

State & Local Government **Room 216, Cross State Office Building, 1:00 p.m.** **Tel: 287-1330**

LD 1061 – An Act To Accept the Determination of Public Opinion on Municipal Projects.

LD 1264 – An Act To Resolve Differences in the Laws Regarding Public Shade Trees.

LD 1365 – An Act To Make Civil Process Fees on Papers Served on Behalf of the State of Maine Consistent with Fees Paid by Other Government.

LD 1374 – An Act to Require Expense Reporting by Municipalities and Counties.

Tuesday, April 3

Business, Research & Economic Development **Room 208, Cross State Office Building, 1:00 p.m.** **Tel: 287-1331**

LD 677 – Resolve, Directing the Development of a Building Code and Building Rehabilitation Code Implementation Plan.

LD 851 – An Act To Facilitate the Upgrading and Preservation of Existing Building Structures.

LD 1038 – An Act To License Home Building and Improvement Contractors.

LD 1404 – Resolve, Directing the Establishment of a Building Contractor's License and Education Requirements for Code Enforcement Officers.

Natural Resources **Room 214, Cross State Office Building, 1:00 p.m.** **Tel: 287-4149**

LD 1108 – An Act To Change the Impact of the Rate of Growth Ordinance Limit on the Town of York.

LD 1297 – Resolve, Regarding Measures To ensure the Continued Health and Commercial Viability of Maine's Seacoast by Establishing Nutrient Standards for Coastal Waters.

LD 1353 – Resolve, To Provide a Comprehensive Assessment of Progress Made To Eliminate Combined Sewer Overflow into the State's Waterways.

LD 1417 – An Act To Assist in the Cleanup of Waste Motor Oil Disposal Sites.

Transportation **Room 126, State House, 1:00 p.m.** **Tel: 287-4148**

LD 1054 – Resolve, directing the Department of Transportation to Repair Underground Pipes on Maine Street and Church Street in Stockton Springs.

LD 1174 – Resolve, To Stabilize the Naples Waterfront.

Wednesday, April 4

Labor **Room 220, Cross State Office Building, 1:00 p.m.** **Tel: 287-1333** LD 1454 – An Act To Care for Working Families.

Marine Resources **Room 214, Cross State Office Building, 1:00 p.m.** **Tel: 287-1337** LD 784 – An Act To Enhance the Natural Resources Protection Laws LD 1409 – An Act To Make Technical Changes to Maine's Aquaculture Statutes.

Utilities & Energy **Room 211, Cross State Office Building, 1:00 p.m.** **Tel: 287-4143** LD 1347 – An Act to Establish Alternative Fuel Incentive Grants To Stimulate the Production, Distribution and Use of Biofuels.

Thursday, April 5

Inland Fisheries & Wildlife **Room 206, Cross State Office Building, 1:00 p.m.** **Tel: 287-1338** LD 887 – An Act To Reduce Watercraft Noise Levels on Lakes. LD 1045 – An Act To Establish the Coyote Award Program.

Judiciary **Room 438, State House, 1:00 p.m.** **Tel: 287-1327** LD 1027 – An Act To Clarify the Definition of "Physical or Mental Disability" in the Maine Human Rights Act. LD 1372 – An Act To Increase Caps on Damages in Actions under the Maine Human Rights Act. LD 1348 – An Act To Amend the Maine Tort Claims Act.

Transportation **Room 126, State House, 1:00 p.m.** **Tel: 287-4148** LD 766 – An Act To Permit Operation of a Modified Show Vehicle on a Public Way. LD 894 – An Act To Establish a 6-month Registration Period for Farm Truck License Plates.

Friday, April 6

Agriculture, Conservation & Forestry **Room 206, Cross State Office Building, 9:30 a.m.** **Tel: 287-1312** LD 380 – An Act To Protect the Public from Dangerous Dogs. LD 1185 – An Act To Protect Dogs Tied Outside. LD 1293 – An Act To Enhance Protection against Rabies in Wolf Hybrids. LD 1615 – An Act To Amend the Animal Welfare Laws. LD 1727 – An Act To Require Veterinarians To Notify Municipalities of Rabies Vaccinations of Dogs.

Business, Research & Economic Development **Room 208, Cross State Office Building, 10:00 a.m.** **Tel: 287-1331** LD 918 – Resolve, Directing the Commissioner of Economic and Community Development To Convene a Working Group To Explore Regionalization.

1:00 p.m.

LD 1106 – An Act To Recapitalize the Municipal Investment Trust Fund.

Natural Resources

Room 214, Cross State Office Building, 9:00 a.m.

Tel: 287-4149

LD 810 – An Act To Improve Solid Waste Management.

LD 935 – An Act To Continue To Ensure the Long-term Capacity of Municipal Landfills.

LD 1191 – An Act To Authorize a Local Bond Issue for Solid Waste, Storm and Drainage Issues and Transfer Stations.

LD 1196 – An Act To Protect Host Communities' Sovereign Rights.

LD 1204 – Resolve, To Impose a Moratorium on the Acceptance or Processing of an Application To Increase or Revise Licensing of New or Existing Incineration Facilities.

LD 1313 – An Act To Amend the Solid Waste Management Laws.

LD 1431 – An Act To Provide for the Protection of Communities That Host a Solid Waste Disposal Facility or Incineration Facility.

LD 1596 – Resolve, Directing the Department of Environmental Protection To Study Construction and Demolition Debris Recycling.

State & Local Government

Room 216, Cross State Office Building, 10:00 a.m.

Tel: 287-1330

LD 1122 – An Act To Prohibit a Person from Serving as Both Municipal Tax Collector and Treasurer.

LD 1336 – An Act To Clarify the Determination of the Applicable Assessment Date for Certain Municipal Development District Projects.

Transportation

Room 126, State House, 1:00 p.m.

Tel: 287-4148

LD 1790 – An Act To Secure Maine's Transportation Future.

IN THE HOPPER

Hundreds of new bills are being printed each week, many of them very complicated, and there is no way we can keep up with all of them in the Hopper. What follows is a description of just some of the bills that will have public hearings next week. Please refer to our complete "LD List 2007" found at our website (www.memun.org) for an updated and complete description of all the municipally-related bills that have been submitted.

State & Local Government

LD 1061 – An Act To Accept the Determination of Public Opinion on Municipal Projects. (Sponsored by Rep. McFadden of Dennysville; additional cosponsors.) (By request)

This bill develops a process for the voters of any municipality to hold a referendum to overturn the planning board approval for a governmental or commercial development project.

Transportation

LD 1790 – An Act To Secure Maine's Transportation Future. (Sponsored by Sen. Damon of Hancock Cty; additional cosponsors.)

This bill shifts 20% of the sales tax revenue generated by automobile sales and transportation-related items from the General Fund to the Highway Fund. Ninety percent of the sales tax funds dedicated to the Highway Fund are to be used for state road reconstruction and rehabilitation projects. The remaining 10% of the revenues are available for capital projects and operating support for rail, bus and ferry service.

This bill also mandates urban compact communities (i.e., the 36 municipalities with populations greater than 7,500) to annually shift 20% of all motor vehicle excise tax revenues collected to a state account once the proposal is fully implemented in 2011. The municipal excise tax revenue is dedicated to a special Maine Municipal Bond Bank account in the name of the community and eligible for a dollar-for-dollar match by the state. The proposal authorizes those communities to withdraw excise tax revenues from the fund if those revenues go unmatched for a two-month period.

The revenue in the municipal accounts would be used to fund the following projects:

- Category 1 - available state and local revenue in the account would be used to match additional state revenues to fund repairs to state principal arterials in the community, if any. The state share of these projects is 60%.

- Category 2 - if the Department of Transportation refuses to fund projects in Category 1, the state and local revenue in the account

would be available to match additional state revenues to fund repairs to the state's major collector roads, if any. The state share of these projects is 50%.

- Category 3 – if the Department refuses to fund projects in Category 1 and 2, the state and local revenue in the account would be used to match additional state revenues to fund repairs to the state's minor collector roads, if any. The state share of these projects is 33%.

- Category 4 – if the Department refuses to fund projects in Category 1, 2 and 3, the state and local revenue in the account would be available to fund repairs to local roads.

Under the proposal, non-urban compact municipalities with populations greater than 2,499 and less than 7,500 could voluntarily participate in the excise tax-matching program. However, if a community opts into the excise tax program, that community would also simultaneously opt into the existing "urban compact area" state road maintenance program.

Agriculture, Conservation & Forestry

LD 1185 – An Act To Protect Dogs Tied Outside. (Sponsored by Rep. Pendleton of Scarborough; additional cosponsors.)

This bill makes a number of amendments to animal welfare laws, including: (1) prohibiting certain ways to tether or restrain dogs; (2) specifying the weight and length permitted for chains or tethers; (3) prohibiting the tethering of dogs outside during extreme weather conditions; (4) requiring tethered dogs to be removed from the tether for at least 3 consecutive hours; and (5) requiring that dog shelters must be adequately sized to allow for sufficient interior movement.

LD 1293 – An Act To Enhance Protection against Rabies in Wolf Hybrids. (Sponsored by Rep. Miller of Somerville.)

This bill establishes that the primary responsibility for enforcing the laws regarding rabies protection from wolf hybrids rests with municipal animal control officers. This bill further specifies that either the municipal animal control officer, local health officer or law enforcement officer is responsible for causing the euthanasia of any wolf hybrid suspected of having rabies that bites a person.

LD 1727 – An Act To Require Veterinarians To Notify Municipalities of Rabies Vaccinations of Dogs. (Sponsored by Rep. Hill of York; additional cosponsors.)

This bill requires a veterinarian who issues a certificate of rabies vaccination for a dog to forward a copy of the certificate to the municipality where the owner resides within one month of issue.

SCHOOL (cont'd)

development of these consolidation plans; and (3) approve or disapprove the plans when presented back to the Department.

Required District Size and Type.

School unions are abolished, as well as about 70 municipal school systems that are not within school unions. The minimum size of the consolidated school district must be 2,500 students. Although there is some language for flexibility on the 2,500 student minimum, at the end of the day the Department must make sure there are no more than 80 school systems statewide. With that overarching mandate, flexibility is limited.

The consolidation plans, developed in a four-month period, must include: (1) the school systems to be consolidated; (2) the size of the new school system's school board; (3) the way the school board members will be elected within the new district; (4) the disposition of the existing schools' real and personal property; (5) the distribution of the existing schools' indebtedness and lease purchase obligations; (6) the assignment of school

personnel contracts and all other contractual obligations; (7) the disposition of existing school funds, including undesignated fund balances, trust funds, reserve funds, etc.; and (8) a transition plan to deal with interim personnel policies.

No Local Voting. The Department of Education, after convening the school boards, recommending certain consolidations and then facilitating the development of the consolidation plans, must also approve or disapprove the submitted plans by November 30, 2007. Disapproved plans must be amended by the various school boards and resubmitted for Department approval by December 21, 2007.

In January, 2008 all new districts whose plan meets with Department approval are certified as a new school system by the State Board of Education. There will be no local vote approving or ratifying any consolidation proposal. Any school systems with less than 2,500 students that do not participate in the process or for any other reason were not included in a Department-approved consolidation plan will be unilaterally

merged into a conforming school system by the State Board of Education.

The creation of a local government against the expressed will of that government's electorate would be a 'first' in the history of the state.

Impossibly Compressed Time Frame. Between January and July of 2008, the existing school boards and superintendents will exist only to oversee the last six months of the FY 08 school year in the existing school systems. At the same time, new school boards for the new school districts will need to be elected, hire a superintendent, develop a budget for the new district for the FY 09 school year, and advance the proposed budget through the mandated "budget validation" review and approval process. The new school district directors would have to be elected no later than March 31, 2008, regardless of when local elections are actually scheduled. In any event, during most of the period of time when the FY 09 budget is being developed, neither a school board nor a superintendent will exist for the newly consolidated school district.