

Be it enacted by the People of the State of Maine as follows:

**Sec. 1. 20-A MRSA §15697** is enacted to read:

**§15697. Fund to Advance Public Kindergarten to Grade 12 Education**

**1. Fund established.** The Fund to Advance Public Kindergarten to Grade 12 Education, referred to in this section as "the fund," is established as an interest-bearing account administered by the department.

**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.

**3. Use of fund to supplement and not supplant General Fund appropriations; direct support for student learning.** The use of the fund is controlled by this subsection. The fund may not be used for any purpose other than as described in this subsection.

A. If the General Fund appropriation for the state contribution for general purpose aid for local schools as finally enacted in any year is insufficient to meet the annual target established by section 15752, the commissioner shall use the fund to supplement the state contribution. These supplemental funds must be used to enable the State to meet the annual target established by section 15752 or to decrease the amount by which state funding from all other sources falls short of the target. The commissioner shall announce the increased state contribution amounts made possible by the supplemental amounts obtained from the fund within 14 days after final enactment of the General Fund appropriation for general purpose aid for local schools. The commissioner shall distribute the increased state contribution amounts on the basis of the essential programs and services formula set forth in this chapter.

B. The fund may be used only to pay for portions of the state contribution that constitute direct support for student learning and not for the costs of administration. As used in this paragraph, "direct support for student learning" includes salary and benefit costs paid for public school classroom teachers; special teachers of reading or mathematics; literacy specialists; career technical education teachers; education technicians; associate teachers; assistant teachers; special education technicians I, II or III; guidance staff; health staff; librarians; and media assistants as documented in

the department's database. Direct support for student learning does not include salary and benefit costs paid for school administrative staff or clerical staff. By July 1<sup>st</sup> annually each school administrative unit must file a report to the department detailing how the funding provided by this section was used to provide direct support for student learning in this chapter.

C. The fund may be used for the necessary expenses of the department in the administration of the fund.

**4. Report.** Annually by January 15th, the department shall submit a report to the joint standing committee of the Legislature having jurisdiction over education matters showing the amounts deposited into and disbursed from the fund and detailing how those disbursements increased the state contribution and enabled the State to meet or come closer to meeting the applicable annual targets specified in section 15752. The department shall post the report on its publicly accessible website.

**5. Rule of construction.** This section must be liberally construed to increase the amount of funding available for public kindergarten to grade 12 education above the General Fund appropriation for that year to the greatest extent possible in any year.

**Sec. 2. 36 MRSA §5111, sub-§6** is enacted to read:

**6. Income tax surcharge to advance public kindergarten to grade 12 education.** An income tax surcharge to advance public kindergarten to grade 12 education, referred to in this subsection as "the surcharge," is established and administered as follows.

A. For tax years beginning on or after January 1, 2017, in addition to any other tax imposed by this chapter, a tax at the rate of 3% is imposed on that portion of the taxpayer's Maine taxable income in excess of \$200,000.

B. One hundred percent of the revenue from the surcharge must be deposited each year into the Fund to Advance Public Kindergarten to Grade 12 Education established in Title 20-A, section 15697 in accordance with this paragraph.

(1) Prior to January 1st of each year, the bureau shall estimate the annual revenue to be collected from the surcharge for the immediately following calendar year.

(2) On the first of each month, beginning on January 1, 2018, the Treasurer of State shall deposit 8.333% of the estimated annual total revenue from the surcharge into the Fund to Advance Public Kindergarten to Grade 12 Education.

(3) The bureau may adjust the monthly transfer amount once annually to account for any difference between the estimated collection and actual collection.

C. 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, Article IV, Part Third, Section 18.

## **SUMMARY**

This initiated bill establishes the Fund to Advance Public Kindergarten to Grade 12 Education for the purpose of improving the ability of the State to reach the annual target of 55%, as specified in statute, for the state share of the total cost of funding public education from kindergarten to grade 12, and for increasing direct support for student learning rather than administrative costs. Revenue for the fund is generated by a 3% surcharge on Maine taxable income over \$200,000, beginning with tax years beginning on or after January 1, 2017.