

MAINE STATE LEGISLATURE

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R. of S.

L.D. 586

(Filing No. S-733)

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STATE OF MAINE
SENATE
115TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "B" to S.P. 232, L.D. 586, Bill, "An Act to Provide the Legislature with Revenue Forecasting Capabilities"

Amend the bill by striking out the title and substituting the following:

'An Act to Improve the State's Fiscal Forecasting Capabilities'

Further amend the bill by striking out everything after the title and before the statement of fact and inserting in its place the following:

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

Sec. 1. 5 MRSA §1663-A is enacted to read:

§1663-A. Access to information

To assist the State Revenue Forecasting Commission in meeting its responsibilities under chapter 149-A, the Department of Administrative and Financial Services shall provide information and data upon request. Members of the commission and legislative staff are bound by the confidentiality restrictions concerning certain tax records as described in Title 36, chapter 7.

Sec. 2. 5 MRSA §1665, sub-§3, as enacted by PL 1989, c. 501, Pt. P, §13, is amended to read:

3. Tentative revenue estimates. Tentative revenue estimates prepared by the State Budget Officer during the month of September of the even-numbered years shall must be revised by this officer during the following November for inclusion in the budget. The State Budget Officer shall, in setting these estimates or any revisions, consider the report and recommendations presented by the State Revenue Forecasting

COMMITTEE AMENDMENT

2 Commission established in chapter 149-A. If the State Budget
3 Officer does not accept any or all of the recommendations of the
4 commission, the officer shall submit in writing the reasons for
5 so doing to the Governor, the Executive Director of the
6 Legislative Council and the joint standing committee of the
7 Legislature having jurisdiction over appropriations and financial
8 affairs within 15 working days of receipt of the report and
9 recommendations of the commission. The revenue estimates shall
10 must be classified so as to show the income by organization
11 units, sources and funds, or in any other manner, at the
12 discretion of the State Budget Officer.

13 **Sec. 3. 5 MRSA c. 149-A is enacted to read:**

14 **CHAPTER 149-A**

15 **STATE REVENUE FORECASTING COMMISSION**

16 **§1675. State Revenue Forecasting Commission established**

17 The State Revenue Forecasting Commission, referred to in
18 this chapter as the "commission," is established pursuant to
19 section 12004-G, subsection 13-C, for the purpose of providing
20 the Governor and the Legislature with revenue projections and
21 supplemental projections and analyses of revenues for the General
22 Fund and Highway Fund, short-term and intermediate-term economic
23 and revenue forecasts and long-range economic trend forecasts.
24 Revenue projections, forecasts, findings and recommendations for
25 other funds may be provided to the Governor and the Legislature
26 at the discretion of the commission.

27 The commission consists of 5 members appointed in January of
28 every odd-numbered year. Two members are appointed by the
29 Governor, one member is appointed by the President of the Senate
30 and one member is appointed by the Speaker of the House of
31 Representatives. These members shall appoint the 5th member by
32 majority vote. The 5 members shall elect a chair from among the
33 members. A Legislator may not be appointed. Each member must
34 have professional credentials and demonstrated expertise in at
35 least 2 of the following areas: projecting revenues, economic
36 forecasting and fiscal issues.

37 All members are appointed for terms to coincide with the
38 legislative biennium. Vacancies are filled in the same manner as
39 the original appointments for the balance of the unexpired terms.

40 The members are entitled to compensation as authorized by
41 chapter 379.

§1676. Duties of commission

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4 The commission shall develop and recommend state revenue
6 projections for the next fiscal biennium and adjustments to
8 revenue projections for the current fiscal biennium, short-term
10 and intermediate-term economic and revenue forecasts and a
12 long-range economic trend forecast. The commission shall submit
14 its recommendations to the Governor, the Executive Director of
16 the Legislative Council, the joint standing committee of the
18 Legislature having jurisdiction over appropriations and financial
20 affairs, the State Budget Officer and, upon request, to other
22 joint standing committees of the Legislature.

24 1. Revenue projections; adjustments. The commission shall
26 develop biennial revenue projections and adjustments to current
28 revenue projections.

30 A. A report that presents the commission's findings and
32 recommendations for General Fund and Highway Fund revenue
34 projections for the next fiscal biennium must be submitted
36 no later than October 15th of each even-numbered year. In
38 the report the commission shall fully describe the
40 methodology employed in reaching its recommendations.
42 Revenue projections for other funds of the State may be
44 included at the discretion of the commission.

46 B. Quarterly reports that present the commission's findings
48 and recommendations for adjustments of General Fund revenue
50 and Highway Fund revenue projections for the current fiscal
 biennium must be submitted no later than March 15th, June
 15th, September 15th and December 15th of each year. In
 each quarterly report the commission shall fully describe
 the methodology employed in reaching its recommendations.
 Revenue findings and recommendations for other funds of the
 State may be included at the discretion of the commission.

2. Economic and revenue forecasts; revisions. The
 commission shall develop one-year, 2-year and 4-year economic and
 revenue forecasts. The commission shall submit a report of
 recommended forecasts by November 30th of even-numbered years.
 The commission shall revise its forecasts periodically and, if
 necessary to accommodate economic fluctuations, may make
 additional unscheduled revisions.

3. Long-range economic trend forecast; adjustments. The
 commission shall develop a long-range economic trend forecast no
 later than January 15, 1993 and adjust it at least annually. If
 economic conditions warrant, the commission may make additional
 unscheduled adjustments.

COMMITTEE AMENDMENT "B" to S.P. 232, L.D. 586

2 All recommended revenue projections, revenue forecasts,
3 economic forecasts, revisions and adjustments must be approved by
4 a majority of the commission members. If the commission reports
5 a recommendation that does not have the unanimous approval of the
6 members, a minority report that specifies the items of
7 disagreement and the rationale of the minority opinion is
8 required.

10 **§1677. Contracts**

11 The commission may enter into contractual arrangements for
12 the procurement of economic and forecasting models, data and
13 assistance in analyzing that data.

14 **§1678. Meetings**

15 The commission shall meet at least 4 times a year.
16 Additional meetings may be called by the chair or by any 3
17 members. All meetings must be open to the public.

18 **§1679. Staffing**

19 The commission may receive staff support from the Bureau of
20 the Budget and the Office of Fiscal and Program Review. Clerical
21 assistance must be shared jointly among these offices.

22 **Sec. 4. 5 MRSA §12004-G, sub-§13-C is enacted to read:**

23	<u>13-C.</u>	<u>State Revenue</u>	<u>Expenses</u>	<u>5 MRSA</u>
24	<u>Finance</u>	<u>Forecasting</u>	<u>Only</u>	<u>§1675</u>
25		<u>Commission</u>		

26 **Sec. 5. 36 MRSA §191, sub-§2, ¶N, as amended by PL 1987, c.**
27 **769, Pt. A, §148, is repealed and the following enacted in its**
28 **place:**

29 N. The disclosure by the State Tax Assessor of any
30 corporate or individualized income tax data, sales and use
31 tax data, business tax data, property tax data or other tax
32 data to a research agency of the Legislature or the State
33 Revenue Forecasting Commission or their staff. This
34 information may be requested in any form, including paper
35 records, computerized data, individual records or summary
36 statistics, but may not be transmitted with any
37 identification by taxpayer name, number or address; and

38 **Sec. 6. Appropriation.** The following funds are appropriated
39 from the General Fund to carry out the purposes of this Act.
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R. of S.

1992-93

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STATE REVENUE FORECASTING COMMISSION

State Revenue Forecasting Commission

All Other \$25,000

Provides funds for the meeting, report printing, data collection and data analyses needs of the commission. These funds may not lapse but must be carried forward to be expended for the same purpose.

FISCAL NOTE

1992-93

APPROPRIATIONS/ALLOCATIONS

General Fund \$25,000

This bill includes a General Fund appropriation of \$25,000 in fiscal year 1992-93 to support the State Revenue Forecasting Commission.

The Bureau of the Budget and the Office of Fiscal and Program Review may require additional resources to provide staff assistance to the commission. The amount of the additional General Fund appropriations required can not be determined at this time.

Several other state agencies will incur additional costs from data collection, dissemination and analysis. These costs can be absorbed within the existing budgeted resources of the respective agencies.

STATEMENT OF FACT

This amendment replaces the original bill with a state revenue forecasting commission. A number of states have implemented this approach as a means of stabilizing the budgeting process at the state level.

Reported by Senator Berube for the Committee on State and Local Government. Reproduced and Distributed Pursuant to Senate Rule 12.
(3/27/92) (Filing No. S-733)