

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 855

H.P. 630

House of Representatives, March 14, 1995

**RESOLUTION, Proposing an Amendment to the Constitution of Maine
to Limit State Spending and Establish a Reserve Fund.**

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative REED of Falmouth.
Cosponsored by Representative: SIMONEAU of Thomaston.

2 **Constitutional amendment. Resolved:** Two thirds of each
branch of the Legislature concurring, that the following
4 amendment to the Constitution of Maine be proposed:

6 **Constitution, Art. IX, §24** is enacted to read:

8 Section 24. Expenditure limit and reserve fund. In any
10 state fiscal year beginning after January 1, 1996, General Fund
12 expenditures of State Government may not exceed in any budget
14 period an amount established by a formula prescribed by the
16 Legislature. When actual General Fund revenues in a budget
18 period exceed the accepted General Fund revenue estimates, 75% of
20 the excess revenues must be placed in a reserve fund and 25% of
22 the excess revenues must be placed in the Property Tax Relief
24 Fund, as established in the Maine Revised Statutes, Title 30-A,
section 5683. Funds in the reserve fund may not exceed 10% of
the total General Fund revenues received in the immediately
preceding fiscal year and may be expended only in years of
revenue shortfalls. Funds may be expended from this fund only
upon recommendation of the Governor and approval by 2/3 of both
Houses of the Legislature. The Legislature shall prescribe the
procedures by which the terms of this provision are implemented,
including a specific spending limitation formula.

26 ; and be it further

28 **Constitutional referendum procedure; form of question; effective**
date. Resolved: That the municipal officers of this State shall
30 notify the inhabitants of their respective cities, towns and
plantations to meet, in the manner prescribed by law for holding
32 a statewide election, at a statewide election, on the Tuesday
following the first Monday of November following the passage of
34 this resolution, to vote upon the ratification of the amendment
proposed in this resolution by voting upon the following question:

36 "Do you favor amending the Constitution of Maine to require
the Legislature to adopt a mechanism to limit state
38 expenditures and to create a reserve fund?"

40 The legal voters of each city, town and plantation shall
vote by ballot on this question and designate their choice by a
42 cross or check mark placed within the corresponding square below
the word "Yes" or "No." The ballots must be received, sorted,
44 counted and declared in open ward, town and plantation meetings
and returns made to the Secretary of State in the same manner as
46 votes for members of the Legislature. The Governor shall review
the returns and, if it appears that a majority of the legal votes
48 are cast in favor of the amendment, the Governor shall proclaim
that fact without delay and the amendment becomes part of the
50 Constitution on the date of the proclamation; and be it further

2 **Secretary of State shall prepare ballots. Resolved:** That the
Secretary of State shall prepare and furnish to each city, town
and plantation all ballots, returns and copies of this resolution
4 necessary to carry out the purpose of this referendum.

6

STATEMENT OF FACT

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10 This resolution proposes to amend the Constitution of Maine
to impose a limit on state spending and to create a reserve
fund. This resolution proposes that transfers to a reserve fund
12 will be based on 75% of the difference when actual General Fund
revenues exceed budgeted revenues, with the remaining 25% being
14 transferred to the Property Tax Relief Fund. It also caps that
reserve fund at 10% of the previous fiscal year's total General
Fund revenues. The Legislature shall adopt a formula to limit
16 General Fund expenditures beginning in fiscal year 1996-97.