# MAINE STATE LEGISLATURE

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## 118th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1997

Legislative Document

No. 890

S.P. 282

In Senate, February 6, 1997

RESOLUTION, Proposing an Amendment to the Constitution of Maine to Establish a Reserve Fund.

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

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator BENNETT of Oxford. Cosponsored by Representative KERR of Old Orchard Beach and Senator FERGUSON of Oxford, Representatives: DONNELLY of Presque Isle, MARVIN of Cape Elizabeth, WINSOR of Norway. Constitutional amendment. Resolved: Two thirds of each branch of the Legislature concurring, that the following amendment to the Constitution of Maine be proposed:

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

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Section 24. Reserve fund. A reserve fund for the General Fund is established. Funds in the reserve fund may not exceed 10% of the total General Fund revenues received in the immediately preceding state fiscal year and may be expended only for the following purposes: to offset General Fund revenue shortfalls in state fiscal years in which actual revenues fall short or are projected to fall short of the accepted General Fund revenue estimates; for prepayment of outstanding General Fund bonds; for prepayment of any unfunded liabilities of the Maine State Retirement System, or any successor agency, related to retirement benefits for state government employees or teachers; or for major construction. For purposes of this section, "major construction" is defined as being any single project with a total cost exceeding \$1,000,000. When actual General Fund revenues at the end of any state fiscal year exceed the accepted General Fund revenue estimates, 75% of the excess revenues must be placed in the reserve fund. Funds may be expended from this fund only upon recommendation of the Governor and approval by 2/3 of both Houses of the Legislature.

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

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"Do you favor amending the Constitution of Maine to require the Legislature to adopt a mechanism to create a reserve fund?"

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The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within the corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review

the returns and, if it appears that a majority of the legal votes are cast in favor of the amendment, the Governor shall proclaim that fact without delay and the amendment becomes part of the Constitution on the date of the proclamation; and be it further

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

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#### **SUMMARY**

14 This resolution establishes a General Fund reserve fund. The fund would be used to cover actual or projected General Fund revenue shortfalls in any state fiscal year; for prepayment of 16 outstanding General Fund bonds; for prepayment of any unfunded liabilities of the Maine State Retirement System related to state government employees or teachers; and for major construction 20 projects exceeding \$1,000,000.