

MAINE STATE LEGISLATURE

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L.D. 1137

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DATE: 3-20-97

(Filing No. H- 78)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
FIRST REGULAR SESSION

HOUSE AMENDMENT "II" to COMMITTEE AMENDMENT "A" to H.P. 832, L.D. 1137, Bill, "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 1998 and June 30, 1999"

Amend the amendment in Part E in section 1 in that part designated "§1518." by striking out all of subsection 1 (page 221, lines 19 to 24 in amendment) and inserting in its place the following:

'1. Tax Relief Fund for Maine Residents. There is created the Tax Relief Fund for Maine Residents, which must be used for the following purposes.

A. The fund must be used to increase the personal exemption amount authorized pursuant to Title 36, section 5126. The State Tax Assessor shall annually determine the amount of the increase allowable in accordance with paragraph B, rounded down to the nearest \$50, within the resources available pursuant to subsection 2. If any increase is allowable, it is effective for the current taxable year and is incorporated into the income tax forms and instructions of the State Tax Assessor for that taxable year. Any increase pursuant to this section must be determined before the adjustment authorized in Title 36, section 5126. The adjustment otherwise required by this paragraph is not in effect for any taxable year in which the increase in the personal exemption for state income tax purposes would result in a personal exemption amount higher than that allowed for federal income tax purposes.

HOUSE AMENDMENT

2 B. In fiscal year 1997-98 only, the State Tax Assessor
4 shall utilize only 50% of the resources available in the Tax
6 Relief Fund for Maine Residents in determining the amount of
8 the increase in the personal exemption allowable. In fiscal
10 year 1998-99 and beyond, the State Tax Assessor shall
12 utilize 100% of the resources available in the fund in
14 determining the amount of the increase in the personal
16 exemption allowable.'

18 Further amend the amendment in Part E in section 1 in that
20 part designated "§1518." in subsection 2 in paragraph A in the
22 5th line (page 221, line 35 in amendment) by inserting after the
24 following: "year" the following: ', except that, if 75% of the
26 excess of total General Fund revenue received over accepted
28 estimates is less than \$10,000,000, then 100% of the excess of
30 total General Fund revenue received over accepted estimates must
32 be transferred to the Tax Relief Fund for Maine Residents.'

34 Further amend the amendment in Part E in section 1 in that
36 part designated "§1518." in subsection 2 in paragraph D in the
38 4th line (page 222, line 2 in amendment) by striking out the
40 following: "last" and inserting in its place the following:
42 'first'

44 Further amend the amendment in Part E by inserting at the
46 end the following:

48 'Sec. E-2. 36 MRSA §5126, first ¶, as repealed and replaced by
50 PL 1989, c. 878, Pt. D, §12, is amended to read:

52 A resident individual shall-be is allowed \$2,000 \$2,100 for
54 each exemption to which the individual is entitled for the
56 taxable year for federal income tax purposes, unless the taxpayer
58 is claimed as a dependent on another return. No additional
60 exemption may be allowed for taxpayers over 65 years of age or
62 blind. The nominal dollar amount of this section shall-be is
64 subject to annual adjustment under-section-5403 pursuant to Title
66 5, section 1518.

68 For tax years beginning on or after January 1, 1999, the
70 nominal dollar amount of this section is also subject to annual
72 adjustment by multiplying it by the percentage adjustment factor
74 defined in section 5402, subsection 2 and rounded down to the
76 nearest \$50. If any adjustment is made pursuant to this
78 paragraph, it is effective for the current taxable year and is
80 incorporated into the income tax forms and instructions of the
82 State Tax Assessor for that taxable year.

H. 832

2 **Sec. E-3. General Fund Revenue revised projections; reserving for**
3 **tax receivables; fiscal year 1996-97.** Notwithstanding any other
4 provision of law, the accepted revenue estimate for General Fund
5 undedicated revenue in fiscal year 1996-97 may not be increased
6 without approval by the Legislature. Notwithstanding any other
7 provision of law, additional reserves for General Fund tax
8 receivables may not be increased for fiscal year 1996-97 without
9 approval of the Legislature.

10 **Sec. E-4. Appropriation.** The following funds are appropriated
11 from the General Fund to carry out the purposes of this Part.

12
13
14 **1997-98**

15 **ADMINISTRATIVE AND FINANCIAL**
16 **SERVICES, DEPARTMENT OF**

17 **Tax Relief Fund for Maine**
18 **Residents**

19
20 Unallocated \$10,000,000

21
22 Provides funds as an initial investment in
23 the Tax Relief Fund for Maine Residents. In
24 accordance with the provisions of the Maine
25 Revised Statutes, Title 5, section 1518,
26 subsection 1, paragraph B, 50% of these
27 funds may be used in fiscal year 1997-98 to
28 increase the personal exemption authorized
29 pursuant to Title 36, section 5126 and the
30 balance may be used in fiscal year 1998-99
31 for the same purpose.'

32
33 Further amend the amendment in Part L in section 5 by
34 striking out all of subsection 1 (page 232, lines 11 to 23 in
35 amendment) and inserting in its place the following:

36
37 '**1. State liquor tax.** Except as provided in subsection 2,
38 the commission shall determine and set the list price at which to
39 sell all spirits and fortified wine that will produce a an
40 aggregate state liquor tax of not less than 65% based on the
41 delivered case cost F.O.B. liquor warehouse sufficient to pay all
42 liquor-related expenses of the Bureau of Alcoholic Beverages and
43 Lottery Operations and to return to the General Fund in fiscal
44 year 1998-99 an amount toward the \$3,300,000 in additional fiscal
45 year 1998-99 revenue referenced in section 6 of this Part. With
46 the exception of the discount agency liquor store in Kittery,
47 list prices must be uniform statewide.'
48

2 Further amend the amendment in Part L by striking out all of
3 section 6 (page 232, lines 29 to 40 in amendment) and inserting
4 in its place the following:

6 **Sec. L-6. Authority granted.** Notwithstanding the Maine
7 Revised Statutes, Title 28-A or any other provision of law, the
8 Commissioner of Administrative and Financial Services may take
9 the appropriate actions necessary to achieve an additional
10 \$3,300,000 in General Fund revenue above the accepted revenue
11 estimate for fiscal year 1998-99. The accepted revenue estimates
12 are those first presented by the Governor during the First
13 Regular Session of the 118th Legislature. These actions may
14 include, but are not limited to additional pricing flexibility,
15 maintaining a discounted liquor inventory in Kittery, product
16 advertising and closure of some or all of the remaining state-run
17 liquor stores. The commissioner shall notify the Joint Standing
18 Committee on Legal and Veterans Affairs at least 60 days prior to
19 taking any action granted in this section. If the commissioner
20 determines that closure of a state-run liquor store is
21 appropriate, the commissioner shall ensure that at least one
22 replacement agency store with a federal wholesale registration
23 has been licensed within 10 miles of the store being closed,
24 unless the Director of the Bureau of Alcoholic Beverages and
25 Lottery Operations determines that reasonable access is available
26 to persons previously purchasing spirits from the state liquor
27 store being closed.'

28 Further amend the amendment by inserting before the
29 emergency clause the following:

32 **PART XX**

34 **Sec. XX-1. Education in the Unorganized Territory; lapsed**
35 **balances.** Notwithstanding any other provision of law, \$400,000 of
36 unencumbered balances carried forward from fiscal year 1995-96 in
37 the Personal Services line category and \$300,000 of unencumbered
38 balance carried forward from the All Other line category from
39 fiscal year 1995-96 in the Education in the Unorganized Territory
40 account in the Department of Education lapse to General Fund
41 revenue in fiscal year 1996-97.

44 **Sec. XX-2. Abandoned Property Fund; transfer of funds.**
45 Notwithstanding any other provision of law, the State Controller
46 is authorized to transfer \$100,000 in the Abandoned Property Fund
47 to General Fund undedicated revenue no later than June 30, 1997.

48 **Sec. XX-3. Transfer of funds.** Notwithstanding any other
49 provision of law, the State Controller may transfer \$100,000 in
50

additional fine revenue from the Bureau of Insurance account in the Department of Professional and Financial Regulation to General Fund undedicated revenue no later than June 30, 1997.

Sec. XX-4. Transfer of funds. Notwithstanding any other provision of law, the State Controller may transfer \$900,000 from the Bureau of Banking - Securities Division account in the Department of Professional and Financial Regulation to General Fund undedicated revenue no later than June 30, 1997.

PART YY

Sec. YY-1. 36 MRSA §6162-A, sub-§1, as amended by PL 1987, c. 772, §43, is further amended to read:

1. Age. Individuals qualify under this program if they meet the age requirements for an elderly household under chapter ~~901-and-its-successors~~ 907.

Sec. YY-2. 36 MRSA §6162-A, sub-§§5 and 6, as enacted by PL 1987, c. 528, §2, are further amended to read:

5. Definitions. As used in this chapter, unless the context clearly indicates otherwise, all terms have the same meaning as in chapter ~~901-and-its-successors~~ 907.

6. Adjustment. The income limitations provided in this section shall must be adjusted annually in the same manner as provided in ~~chapter-901-and-its-successors~~ section 6209, whether or not the adjustment is actually made for purposes of chapter 907.

Sec. YY-3. 36 MRSA §6209, sub-§2 is enacted to read:

2. Exception. This section does not apply to claims filed during calendar years 1997 and 1998.

Sec. YY-4. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

| | 1997-98 | 1998-99 |
|---|---------|---------|
| ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF | | |
| Elderly Householders' Tax Refund | | |

All Other (\$407,095) (\$754,764)

2

4

6

8

10

Maine Residents Property Tax Program

12

All Other (103,206) (218,092)

14

16

18

20

22

**DEPARTMENT OF ADMINISTRATIVE
AND FINANCIAL SERVICES
TOTAL**

24

(\$510,301) (\$972,856)

26

28

PART ZZ

30

Sec. ZZ-1. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

32

34

1997-98 1998-99

36

**ADMINISTRATIVE AND FINANCIAL
SERVICES, DEPARTMENT OF**

38

**Departments and Agencies -
Statewide**

40

42

Personal Services (\$250,000) (\$250,000)

44

46

Deappropriates funds from savings in workers' compensation rates for state employees.

48

50

Sec. ZZ-2. Allocation. The following funds are allocated from the Highway Fund to carry out the purposes of this Part.

2

1997-98

1998-99

4

**ADMINISTRATIVE AND FINANCIAL
SERVICES, DEPARTMENT OF**

6

**Departments and Agencies -
Statewide**

8

10

Personal Services

(\$17,500)

(\$17,500)

12

Deallocates funds from
savings in workers'
compensation rates for state
employees.

14

16

Sec. ZZ-3. Calculation and transfer. Notwithstanding the Maine Revised Statutes, Title 5, section 1585, the State Budget Officer shall calculate the amount of savings identified in sections 1 and 2 of this Part that apply against each affected account in the Personal Services line category appropriations and allocations and shall transfer the calculated amounts by financial order. These transfers are to be considered adjustments to appropriations and allocations. The State Budget Officer shall report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs annually before June 15, 1998 and June 15, 1999 on the implementation of this Part.

18

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PART AAA

32

Sec. AAA-1. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

34

36

1997-98

1998-99

38

**ADMINISTRATIVE AND FINANCIAL
SERVICES, DEPARTMENT OF**

40

Salary Plan

42

44

Personal Services

(\$50,000)

(\$50,000)

46

Deappropriates funds as a
result of the continuation of
the Voluntary Employee
Incentive Program pursuant to
provisions outlined in this
Act.

48

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P. 48

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PART BBB

Sec. BBB-1. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

1996-97

HUMAN SERVICES, DEPARTMENT OF

**Intermediate Care -
Payments to Providers**

All Other (\$2,000,000)
Deappropriates funds due to an anticipated surplus in fiscal year 1996-97.

PART CCC

Sec. CCC-1. Calculation and transfer. Notwithstanding the Maine Revised Statutes, Title 5, section 1585, the State Budget Officer shall calculate and apply against each affected account the amount of salary savings identified in section 2 of this Part and shall transfer the calculated amounts by financial order. These transfers are to be considered adjustments to appropriations. The State Budget Officer shall provide the Joint Standing Committee on Appropriations and Financial Affairs with a report of the transferred amounts no later than May 15, 1997.

Sec. CCC-2. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

1996-97

HUMAN SERVICES, DEPARTMENT OF

Departmentwide

Personal Services (\$1,200,000)
Deappropriates funds from salary savings from various programs within the department.

**DEPARTMENT OF HUMAN SERVICES
TOTAL**

(1,200,000)

2 MENTAL HEALTH, MENTAL RETARDATION
4 AND SUBSTANCE ABUSE SERVICES,
DEPARTMENT OF

6 Departmentwide

8 Personal Services (300,000)

10 Deappropriates funds from salary savings
from various programs within the department.

12 DEPARTMENT OF MENTAL HEALTH,
14 MENTAL RETARDATION AND SUBSTANCE
ABUSE SERVICES
16 TOTAL

(300,000)

18 SECTION
TOTAL APPROPRIATIONS

(\$1,500,000)

20 PART DDD

22 Sec. DDD-1. Appropriation. The following funds are
24 appropriated from the General Fund to carry out the purposes of
this Part.

26 1997-98

1998-99

28 PUBLIC SAFETY, DEPARTMENT OF

30 State Police

32 Personal Services (\$87,094)

34 Provides for the
36 deappropriation of funds
resulting from a 2-month
38 delay in starting the next
class of the Maine Criminal
40 Justice Academy.

42 DEPARTMENT OF PUBLIC SAFETY
44 TOTAL

(87,094)

46 TREASURER OF STATE, OFFICE OF

48 Debt Service - Treasury

50 All Other (1,158,900) (\$1,178,000)

R.S.

2 Deappropriates funds through
3 the transfer of funds to the
4 Debt Service account from the
5 Debt Service Earnings
6 account. This
7 deappropriation and transfer
8 are a result of interest
9 earnings in the Debt Service
10 Earnings account projected to
11 be greater than originally
12 budgeted.

| | | | |
|----|-------------------------------------|---------------|---------------|
| 13 | OFFICE OF TREASURER OF STATE | | |
| 14 | TOTAL | (1,158,900) | (1,178,000) |
| 15 | | | |
| 16 | SECTION | | |
| 17 | TOTAL APPROPRIATIONS | (\$1,245,994) | (\$1,178,000) |

18
19 **PART EEE**

20
21 **Sec. EEE-1. 36 MRSA §4381-A is enacted to read:**

22
23 **§4381-A. Dedication of tax increase after April 1, 1997**

24
25 Notwithstanding section 4381, 95% of the additional revenue
26 generated by an increase in the tax imposed by this chapter
27 enacted after April 1, 1997, must be credited to the Tax Relief
28 Fund for Maine Residents established in Title 5, section 1518.'

29
30 Further amend the amendment by relettering or renumbering
31 any nonconsecutive Part letter or section number to read
32 consecutively.

33
34
35 **FISCAL NOTE**

| 36 | | 1996-97 | 1997-98 | 1998-99 |
|----|--|---------------|-------------|---------------|
| 37 | | | | |
| 38 | | | | |
| 39 | APPROPRIATIONS/ ALLOCATIONS | | | |
| 40 | | | | |
| 41 | General Fund | (\$3,500,000) | \$7,943,705 | (\$2,450,856) |
| 42 | Highway Fund | 0 | (17,500) | (17,500) |
| 43 | | | | |
| 44 | REVENUES | | | |
| 45 | | | | |
| 46 | General Fund | 1,800,000 | 0 | \$300,000 |

2 This amendment will result in net General Fund savings over
the biennium, including fiscal year 1996-97, of \$107,151. It
4 decreases the General Fund cost of the bill by \$5,300,000 in
fiscal year 1996-97, increases the General Fund cost of the bill
6 by \$7,943,705 in fiscal year 1997-98 and decreases the General
Fund cost by \$2,750,856 in fiscal year 1998-99.

8 The Tax Relief for Maine Residents Fund will increase the
personal income tax exemption as a result of a General Fund
10 appropriation and any transfers of certain General Fund
surpluses. These increases in the personal income tax exemption
12 will result in reductions of General Fund revenue below current
projections beginning in the 2000-2001 biennium.

14 This amendment also decreases the Highway Fund cost of the
16 bill by \$17,500 in fiscal year 1997-98 and \$17,500 in fiscal year
1998-99.

20 SUMMARY

22 This amendment accomplishes the following.

24 It amends Part E to prioritize the expenditures authorized
from the Tax Relief Fund for Maine Residents. The first use of
26 the fund is to increase the personal exemption authorized for
state income tax purposes, except that in fiscal year 1997-98,
28 only 50% of the resources available in the fund may be utilized
in determining the amount of the increase. It also adds that the
30 personal exemption would be fully indexed starting in fiscal year
1999-2000.

32 Part E further clarifies that, if the 75% of excess General
34 Fund revenue over accepted estimated transferred to the fund at
the end of fiscal year 1996-97 is less than \$10,000,000, then
36 100% of the excess General Fund revenue over accepted estimates
must be transferred to the fund. A General Fund appropriation of
38 \$10,000,000 is also provided as an initial investment in the fund.

40 It amends Part L by replacing language that authorized
establishing additional discount liquor stores with authorization
42 for the Commissioner of Administrative and Financial Services to
take appropriate actions, which could include the closure of some
44 or all state-run liquor stores, upon prior notification to the
Joint Standing Committee on Legal and Veterans Affairs. It also
46 increases the revenue that will result from these actions by
\$300,000.

48 It adds a new Part XX, which:
50

1. Lapses \$700,000 in unencumbered balances in the Education in the Unorganized Territory program to General Fund revenue in fiscal year 1996-97;

2. Authorizes the transfer of \$100,000 from the Abandoned Property Fund to General Fund undedicated revenue in fiscal year 1996-97;

3. Authorizes the transfer of \$100,000 in fine money from the Bureau of Insurance account to General Fund undedicated revenue in fiscal year 1996-97; and

4. Authorizes the transfer of \$900,000 from the Bureau of Banking - Securities Division account to General Fund undedicated revenue in fiscal year 1996-97.

It adds a new Part YY, which:

1. Amends the law so that the statutory income limitations in the Maine Residents Property Tax Program are not adjusted for inflation during the 1998-1999 biennium; and

2. Deappropriates the savings that result from the redefinition of eligibility.

It adds Part ZZ, which identifies General Fund and Highway Fund savings from the workers' compensation rates for state employees.

It adds Part AAA, which increases the savings identified in the Voluntary Employee Incentive Program.

It adds Part BBB, which deappropriates savings in fiscal year 1996-97 from the Department of Human Services, Intermediate Care - Payments to Providers account.

It adds Part CCC, which deappropriates \$1,500,000 in fiscal year 1996-97 from salary savings within the Department of Human Services and the Department of Mental Health, Mental Retardation and Substance Abuse Services.

It adds Part DDD, which:

1. Deappropriates funds from the Department of Public Safety from savings from a 2-month delay in starting the next class of the Maine Criminal Justice Academy; and

2. Deappropriates funds from the Office of the Treasurer of State, Debt Service - Treasury account available from additional interest earning in the Debt Service Earnings account.


HOUSE AMENDMENT "II" to COMMITTEE AMENDMENT "A" to H.P. 832, L.D.
1137

2 It adds Part EEE, which dedicates 95% of any additional
4 revenues generated by changes made after April 1, 1997 to the
cigarette tax to the Tax Relief Fund for Maine Residents.

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8

SPONSORED BY:


(Representative CAMERON)

10

12

TOWN: Rumford

14