

MAINE STATE LEGISLATURE

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

HOUSE AMENDMENT "JJ" 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.

B. In fiscal year 1997-98 only, the State Tax Assessor shall utilize only 50% of the resources available in the Tax

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2 Relief Fund for Maine Residents in determining the amount of
3 the increase in the personal exemption allowable. In fiscal
4 year 1998-99 and beyond, the State Tax Assessor shall
5 utilize 100% of the resources available in the fund in
6 determining the amount of the increase in the personal
7 exemption allowable.'

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

16 Further amend the amendment in Part E in section 1 in that
17 part designated "§1518." in subsection 2 in paragraph D in the
18 4th line (page 222, line 2 in amendment) by striking out the
19 following: "last" and inserting in its place the following:
20 'first'

21 Further amend the amendment in Part E by inserting at the
22 end the following:

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 E-2. 36 MRSA §5126, first ¶,** as repealed and replaced by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

25 A resident individual ~~shall-be~~ is allowed ~~\$2,000~~ \$2,100 for
26 each exemption to which the individual is entitled for the
27 taxable year for federal income tax purposes, unless the taxpayer
28 is claimed as a dependent on another return. No additional
29 exemption may be allowed for taxpayers over 65 years of age or
30 blind. The nominal dollar amount of this section ~~shall-be~~ is
31 subject to ~~annual~~ annual adjustment ~~under-section-5402~~ pursuant to Title
32 5, section 1518.

33 For tax years beginning on or after January 1, 1999, the
34 nominal dollar amount of this section is also subject to annual
35 adjustment by multiplying it by the percentage adjustment factor
36 defined in section 5402, subsection 2 and rounded down to the
37 nearest \$50. If any adjustment is made pursuant to this
38 paragraph, it is effective for the current taxable year and is
39 incorporated into the income tax forms and instructions of the
40 State Tax Assessor for that taxable year.

41 **Sec. E-3. General Fund Revenue revised projections; reserving for**
42 **tax receivables; fiscal year 1996-97.** Notwithstanding any other
43 provision of law, the accepted revenue estimate for General Fund
44 undedicated revenue in fiscal year

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1996-97 may not be increased without approval by the Legislature. Notwithstanding any other provision of law, additional reserves for General Fund tax receivables may not be increased for fiscal year 1996-97 without approval of the Legislature.

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

1997-98

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Tax Relief Fund for Maine Residents

Unallocated \$10,000,000

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

Further amend the amendment in Part Z in section 1 in the 2nd line (page 261, line 25 in amendment) by striking out the following: "\$500,000" and inserting in its place the following: '\$1,000,000' and in the 3rd line from the end (page 261, line 28 in amendment) by striking out the following: "\$500,000" and inserting in its place the following: '\$1,000,000'

Further amend the amendment by striking out all of Part AA.

Further amend the amendment in Part GG in section 2 in subsection 12-A in the last line (page 266, line 40 in amendment) by striking out the following: "\$1,000,000" and inserting in its place the following: '\$850,000'

Further amend the amendment by inserting at the end before the emergency clause the following:

PART XX

2 **Sec. XX-1. Education in the Unorganized Territory; lapsed**
3 **balances.** Notwithstanding any other provision of law, \$400,000 of
4 available balances in fiscal year 1996-97 in the Personal
5 Services line category and \$300,000 of available balances in the
6 All Other line category from fiscal year 1996-97 in the Education
7 in the Unorganized Territory account in the Department of
8 Education lapse to General Fund revenue in fiscal year 1996-97.

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

14 **Sec. XX-3. Transfer of funds.** Notwithstanding any other
15 provision of law, the State Controller may transfer \$100,000 in
16 additional fine revenue from the Bureau of Insurance account in
17 the Department of Professional and Financial Regulation to
18 General Fund undedicated revenue no later than June 30, 1997.

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

26 **PART YY**

28 **Sec. YY-1. Appropriation.** The following funds are
29 appropriated from the General Fund to carry out the purposes of
30 this Part.

32 1997-98 1998-99

34 **ADMINISTRATIVE AND FINANCIAL**
35 **SERVICES, DEPARTMENT OF**

36 **Departments and Agencies -**
37 **Statewide**

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

42 Deappropriates funds from
43 savings in workers'
44 compensation rates for state
45 employees.

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

50 1997-98 1998-99

2 Deappropriates funds from salary savings
3 from various programs within the department.

4
5 **DEPARTMENT OF HUMAN SERVICES**
6 **TOTAL** (1,200,000)

8 **MENTAL HEALTH, MENTAL RETARDATION**
9 **AND SUBSTANCE ABUSE SERVICES,**
10 **DEPARTMENT OF**

11 **Departmentwide**

12
13
14 Personal Services (300,000)

15 Deappropriates funds from salary savings
16 from various programs within the department.

17
18 **DEPARTMENT OF MENTAL HEALTH,**
19 **MENTAL RETARDATION AND SUBSTANCE**
20 **ABUSE SERVICES**
21 **TOTAL** (300,000)

22
23
24 **TOTAL APPROPRIATIONS** (\$1,500,000)

25
26
27 **PART CCC**

28
29 **Sec. CCC-1. Appropriation.** The following funds are
30 appropriated from the General Fund to carry out the purposes of
31 this Part.

32
33
34
35
36 **TREASURER OF STATE,**
OFFICE OF

37 **Debt Service - Treasury**

38
39 All Other (\$1,158,900) (\$1,178,000)

40
41 Deappropriates funds through
42 the transfer of funds to the
43 Debt Service account from the
44 Debt Service Earnings
45 account. This
46 deappropriation and transfer
47 are a result of interest
48 earnings in the Debt Service
49 Earnings account projected to
50

2	be greater than originally budgeted.		
4	OFFICE OF TREASURER OF STATE		
6	TOTAL	(1,158,900)	(1,178,000)
8	ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF		
10	Capital Construction/Repairs/Improvements - Administration		
12			
14	Capital Expenditures	(150,000)	(150,000)
16	DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES		
18	TOTAL	(150,000)	(150,000)
20	TOTAL APPROPRIATIONS	(\$1,308,900)	(\$1,328,000)

22 Further amend the bill by relettering or renumbering any
 24 nonconsecutive Part letter or section number to read
 26 consecutively.

28 **FISCAL NOTE**

30		1996-97	1997-98	1998-99
32	APPROPRIATIONS/ALLOCATIONS			
34	General Fund	(\$4,000,000)	\$8,391,100	(\$1,628,000)
36	Highway Fund		(17,500)	(17,500)
38	REVENUES			
40	General Fund	\$1,800,000	\$500,000	\$500,000
42				

44 This amendment will result in net General Fund savings over
 46 the biennium, including fiscal year 1996-97, of \$36,900. It
 48 decreases the General Fund cost of the bill by \$5,800,000 in
 50 fiscal year 1996-97, increases the General Fund cost of the bill
 by \$7,891,100 in fiscal year 1997-98 and decreases the General
 Fund cost by \$2,128,000 in fiscal year 1998-99.

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

8 This amendment also decreases the Highway Fund cost of the
9 bill by \$17,500 in fiscal year 1997-98 and \$17,500 in fiscal year
10 1998-99.

12
14

SUMMARY

16 This amendment accomplishes the following.

18 It amends Part E to prioritize the expenditures authorized
19 from the Tax Relief Fund for Maine Residents. The first use of
20 the fund is to increase the personal exemption authorized for
21 state income tax purposes, except that in fiscal year 1997-98,
22 only 50% of the resources available in the fund may be utilized
23 in determining the amount of the increase. It also adds that the
24 personal exemption would be adjusted at the same percentage rate
25 as used by the Federal Government for federal income tax purposes
26 starting in fiscal year 1999-2000.

28 Part E further clarifies that if the 75% of excess General
29 Fund revenue over accepted estimates in fiscal years 1996-97,
30 1997-98 and 1998-99 transferred to the fund at the end of fiscal
31 year 1996-97 is less than \$10,000,000, then 100% of the excess
32 General Fund revenue over accepted estimates must be transferred
33 to the fund. A General Fund appropriation of \$10,000,000 is also
34 provided as an initial investment in the fund.

36 This amendment also amends Part E as follows:

38 1. It clarifies that transfers to the Tax Relief Fund for
39 Maine Residents in fiscal year 1999-2000 and thereafter are based
40 on the first rather than last accepted revenue estimates;

42 2. It precludes the accepted General Fund revenue estimates
43 for fiscal year 1996-97 and reserves for General Fund tax
44 receivables for fiscal year 1996-97 from being increased without
45 the approval of the Legislature; and

46 3. It provides a General Fund appropriation of \$10,000,000
47 in fiscal year 1997-98 to the Tax Relief Fund for Maine Residents
48 as an initial investment. Fifty percent of funds in the fund may
49 used in fiscal year 1997-98 to increase the personal exemption
50 and the remaining 50% must remain for use in fiscal year 1998-99.

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2 This amendment further amends Part Z to increase the
transfer from the Underground Oil Storage Replacement Fund to
4 General Fund undedicated revenue from \$500,000 to \$1,000,000 in
each year of the biennium.

6 It strikes Part AA of the amendment, which deappropriated
8 \$4,500,000 from amounts available in fiscal year 1996-97 that
would have otherwise lapsed.

10 It amends Part GG to reduce by \$150,000 the amount that must
12 be transferred each year from the Capital
Construction/Repairs/Improvements - Administration account to the
14 Legislature's Reserve Fund for State House Preservation and
Maintenance.

16 It adds a new Part XX, which:

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

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

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

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

34 The amendment also adds Part YY, which identifies General
36 Fund and Highway Fund savings from the workers' compensation
rates for state employees.

38 It adds Part ZZ, which increases the savings identified in
40 the Voluntary Employee Incentive Program.

42 It adds Part AAA, which deappropriates funds in fiscal year
1996-97 from the Department of Human Services, Intermediate Care
44 - Payments to Providers account from an anticipated surplus in
fiscal year 1996-97 and from funds originally appropriated in
46 fiscal year 1994-95 for the settlement on the loss of federal
financial participation for the former provider-specific gross
48 receipts tax on nursing facilities.

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

6 It adds Part CCC, which:

8 1. Deappropriates funds from the Debt Service - Treasury
account available from additional interest earnings in the Debt
10 Service Earnings account; and

12 2. Deappropriates \$150,000 annually from the amount
provided for capital construction, repairs and improvements.
14

16
18 SPONSORED BY: *George J. Kerr*
(Representative KERR)

20 TOWN: Old Orchard Beach
22