

MAINE STATE LEGISLATURE

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R.S.

L.D. 1137

DATE: 3-25-97

(Filing No. H-108)

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

HOUSE AMENDMENT "KK" 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 by striking out all of the mandate preamble (page 1, lines 29 to 35 in amendment)

Further amend the amendment by striking out all of the emergency preamble (page 1, lines 37 to 49 and page 2, lines 1 to 3 in amendment)

Further 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. In the 1998-1999 biennium, all resources appropriated to 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 rounded down to the nearest \$50. 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

2 year. Any increase pursuant to this section must be
3 determined before the adjustment authorized in Title 36,
4 section 5126. The adjustment otherwise required by this
5 paragraph is not in effect for any taxable year in which the
6 increase in the personal exemption for state income tax
7 purposes would result in a personal exemption amount higher
8 than that allowed for federal income tax purposes.

9
10 B. All resources transferred to the fund pursuant to
11 subsection 2 must remain in the fund until the joint
12 standing committee of the Legislature having jurisdiction
13 over taxation matters makes recommendations to the
14 Legislature on the method or methods to provide tax relief
15 to citizens of the State utilizing all resources transferred
16 to the Tax Relief Fund for Maine Residents.'

17 Further amend the amendment in Part E in section 1 in that
18 part designated "§1518." in subsection 2 in paragraph A in the
19 5th line (page 221, line 35 in amendment) by inserting after the
20 following: "year" the following: ', except that, if 75% of the
21 excess of total General Fund revenue received over accepted
22 estimates is less than \$10,000,000, then 100% of the excess of
23 total General Fund revenue received over accepted estimates must
24 be transferred to the Tax Relief Fund for Maine Residents.'

25 Further amend the amendment in Part E in section 1 in that
26 part designated "§1518." in subsection 2 in paragraph D in the
27 4th line (page 222, line 2 in amendment) by striking out the
28 following: "last" and inserting in its place the following:
29 'first'

30
31 Further amend the amendment in Part E by inserting at the
32 end the following:

33
34 'Sec. E-2. 36 MRSA §5126, as repealed and replaced by PL
35 1989, c. 878, Pt. D, §12, is amended to read:

36
37 **§5126. Personal exemptions**

38
39 A resident individual shall ~~be~~ is allowed \$2,000 \$2,100 for
40 each exemption to which the individual is entitled for the
41 taxable year for federal income tax purposes, unless the taxpayer
42 is claimed as a dependent on another return. No additional
43 exemption may be allowed for taxpayers over 65 years of age or
44 blind. The nominal dollar amount of this section shall ~~be~~ is
45 subject to annual adjustment ~~under section 5403~~ pursuant to Title
46 5, section 1518.

47
48 For tax years beginning on or after January 1, 1999, the
49 nominal dollar amount of this section is also subject to annual
50

2 adjustment by multiplying it by the percentage adjustment factor
3 defined in section 5402, subsection 2 and rounded down to the
4 nearest \$50. If any adjustment is made pursuant to this
5 paragraph, it is effective for the current taxable year and is
6 incorporated into the income tax forms and instructions of the
7 State Tax Assessor for that taxable year.

8
9 **Sec. E-3. Appropriation.** The following funds are appropriated
10 from the General Fund to carry out the purposes of this Part.

11
12 1997-98 1998-99

13 **ADMINISTRATIVE AND FINANCIAL**
14 **SERVICES, DEPARTMENT OF**

15 **Tax Relief Fund for Maine**
16 **Residents**

17
18
19
20 Unallocated \$3,000,000 \$3,000,000

21
22 Provides funds as an initial
23 investment in the Tax Relief
24 Fund for Maine Residents in
25 accordance with the
26 provisions of the Maine
27 Revised Statutes, Title 5,
28 section 1518, subsection 1,
29 paragraph A to increase the
30 personal exemption authorized
31 pursuant to Title 36, section
32 5126.'

33
34 Further amend the amendment in Part Z in section 1 in the
35 2nd line (page 261, line 25 in amendment) by striking out the
36 following: "\$500,000" and inserting in its place the following:
37 '\$1,000,000' and in the 3rd line from the end (page 261, line 28
38 in amendment) by striking out the following: "\$500,000" and
39 inserting in its place the following: '\$1,000,000'

40
41 Further amend the amendment by striking out all of Part AA.

42
43 Further amend the amendment in Part GG in section 2 in
44 subsection 12-A in the last line (page 266, line 40 in amendment)
45 by striking out the following: "\$1,000,000" and inserting in its
46 place the following: '\$850,000'

47
48 Further amend the amendment in Part SS in section 3 by
49 striking out all of paragraph B-4 and inserting in its place the
50 following:

PART YY

Sec. YY-1. 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		
Departments and Agencies - Statewide		
Personal Services	(\$250,000)	(\$250,000)
Deappropriates funds from savings in workers' compensation rates for state employees.		

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

	1997-98	1998-99
ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF		
Departments and Agencies - Statewide		
Personal Services	(\$17,500)	(\$17,500)
Deallocates funds from savings in workers' compensation rates for state employees.		

Sec. YY-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 that apply against each affected account in the Personal Service 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.

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PART BBB

Sec. BBB-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, 1998.

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

1997-98

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)

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

Departmentwide

Personal Services (300,000)

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

DEPARTMENT OF MENTAL HEALTH, MENTAL RETARDATION AND SUBSTANCE ABUSE SERVICES
TOTAL (300,000)

TOTAL APPROPRIATIONS (\$1,500,000)

2

PART CCC

4

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

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1997-98

1998-99

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**TREASURER OF STATE,
OFFICE OF**

12

14

Debt Service - Treasury

16

All Other

(\$1,158,900)

(\$1,178,000)

18

Deappropriates funds through the transfer of funds to the Debt Service account from the Debt Service Earnings account. This deappropriation and transfer are a result of interest earnings in the Debt Service Earnings account projected to be greater than originally budgeted.

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**OFFICE OF TREASURER
OF STATE**

32

TOTAL

(1,158,900)

(1,178,000)

34

**ADMINISTRATIVE AND FINANCIAL
SERVICES, DEPARTMENT OF**

36

Tree Growth Tax Reimbursement

38

All Other

1,000,000

40

Provides funds to offset a reduction in section B-1.

42

44

**Capital Construction/Repairs/
Improvements - Administration**

46

Capital Expenditures

(150,000)

(150,000)

48

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**DEPARTMENT OF ADMINISTRATIVE
AND FINANCIAL SERVICES
TOTAL**

850,000

(150,000)

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TOTAL APPROPRIATIONS (\$308,900) (\$1,328,000)'

Further amend the amendment by striking out all of the emergency clause.

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

FISCAL NOTE

	1996-97	1997-98	1998-99
APPROPRIATIONS/ ALLOCATIONS			
General Fund	\$4,500,000	(\$6,108,900)	\$1,372,000
Highway Fund		(17,500)	(17,500)

REVENUES

General Fund	\$2,300,000	\$500,000
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This amendment will result in net General Fund savings over the biennium of \$3,036,900. It increases the General Fund cost of the bill by \$4,500,000 in fiscal year 1996-97, decreases the General Fund cost of the bill by \$8,408,900 in fiscal year 1997-98 and increases the General Fund cost by \$872,000 in fiscal year 1998-99.

The Tax Relief Fund for Maine Residents will increase the personal income tax exemption as a result of a General Fund appropriation of \$3,000,000 in fiscal year 1997-98 and \$3,000,000 in fiscal year 1998-99. These increases in the personal income tax exemption will result in reductions of General Fund revenue below current projections beginning in the 2000-2001 biennium. Any resources transferred to the Tax Relief Fund for Maine Residents as a result of certain revenue surpluses will remain in the fund pending recommendations by the Joint Standing Committee on Taxation and approval by the Legislature.

This amendment amends the amendment in Part SS, section 3 such that the mandate that would have been created with the original language is eliminated.

2 This amendment removes the emergency preamble and the
4 emergency clause. The bill will take effect 90 days after the
adjournment of the 118th Legislature's First Regular Session sine
die.

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

12 SUMMARY

14 This amendment accomplishes the following.

16 It removes the mandate preamble due to new proposed language
18 in Part SS, section 3 that maintains responsibility for
20 physically restrictive juvenile detention at the state level once
the Northern Maine Regional Juvenile Detention Facility begins
operating, except under certain circumstances at the discretion
of the counties.

22 It removes the emergency preamble and the emergency clause.

24 It amends Part E to prioritize the expenditures authorized
26 from the Tax Relief Fund for Maine Residents. The first use of
the fund is to use funds appropriated in the 1998-1999 biennium
28 to increase the personal exemption authorized for state income
tax purposes. It also adds that the personal exemption would be
30 adjusted at the same percentage rate as used by the Federal
Government for federal income tax purposes starting in fiscal
32 year 1999-2000.

34 Part E further clarifies that if the 75% of excess General
Fund revenue over accepted estimates in fiscal year 1996-97 is
36 less than \$10,000,000, then 100% of the excess General Fund
revenue over accepted estimates must be transferred to the fund.
38 A General Fund appropriation of \$6,000,000 is also provided as an
initial investment in the fund.

40 This amendment also amends Part E as follows:

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

46 2. It provides a General Fund appropriation of \$3,000,000
48 in fiscal year 1997-98 and \$3,000,000 in fiscal year 1998-99 to
the Tax Relief Fund for Maine Residents as an initial
50 investment. These funds will be used in fiscal year 1997-98 and
fiscal year 1998-99 to increase the personal exemption.

2 3. It also provides that all resources transferred to the
4 Tax Relief Fund for Maine Residents must remain in the fund
6 pending a recommendation by the joint standing committee of the
Legislature having jurisdiction over taxation matters and
approval by the Legislature for additional tax relief to Maine's
citizens.

8
10 This amendment further amends Part Z to increase the
12 transfer from the Underground Oil Storage Replacement Fund to
General Fund undedicated revenue from \$500,000 to \$1,000,000 in
each year of the biennium.

14 It strikes Part AA of the amendment, which deappropriated
16 \$4,500,000 from amounts available in fiscal year 1996-97 that
would have otherwise lapsed.

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

24 It adds a new Part XX, which:

26 1. Lapses \$700,000 in unencumbered balances forward in the
28 Education in the Unorganized Territory program to General Fund
revenue in fiscal year 1997-98;

30 2. Authorizes the transfer of \$100,000 from the Abandoned
32 Property Fund to General Fund undedicated revenue in fiscal year
1997-98;

34 3. Authorizes the transfer of \$100,000 in fine money from
36 the Bureau of Insurance account to General Fund undedicated
revenue in fiscal year 1997-98; and

38 4. Authorizes the transfer of \$900,000 from the Bureau of
40 Banking - Securities Division account to General Fund undedicated
revenue in fiscal year 1997-98.

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

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

48
50 It adds Part AAA, which deappropriates funds in fiscal year
1997-98 from the Department of Human Services, Intermediate Care
- Payments to Providers account from an anticipated surplus in

HOUSE AMENDMENT "KK" to COMMITTEE AMENDMENT "A" to H.P. 832, L.D.
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2 fiscal year 1996-97 and from funds originally appropriated in
3 fiscal year 1994-95 for the settlement on the loss of federal
4 financial participation for the former provider-specific gross
5 receipts tax on nursing facilities.

6 It adds Part BBB, which deappropriates \$1,500,000 in fiscal
7 year 1997-98 from salary savings within the Department of Human
8 Services and the Department of Mental Health, Mental Retardation
9 and Substance Abuse Services.

10 It adds Part CCC, which:

11 1. Deappropriates funds from the Debt Service - Treasury
12 account available from additional interest earnings in the Debt
13 Service Earnings account;

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

16 3. Appropriates \$1,000,000 to the Tree Growth Tax
17 Reimbursement Program thereby returning the appropriation to the
18 90% level.

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25 SPONSORED BY: George Kerr
26 (Representative KERR)

27 TOWN: Old Orchard Beach

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HOUSE AMENDMENT