

MAINE STATE LEGISLATURE

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DATE: 3/28/06

L.D. 1908
(Filing No. H-896)

STATE AND LOCAL GOVERNMENT
Report A

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1349, L.D. 1908, Bill, "An Act To Increase the Salary of the Governor"

Amend the bill by striking out all of section 1 (page 1, lines 3 to 18 in L.D.) and inserting in its place the following:

'Sec. 1. 2 MRSA §1, 3rd ¶, as enacted by PL 1985, c. 693, §1, is amended to read:

~~Until the first Wednesday of January 1987, the Governor shall receive an annual salary of \$35,000. Beginning~~ Until the first Wednesday of January 2007, the Governor shall must receive an annual salary of \$70,000. Beginning the first Wednesday of January 2007, the Governor must receive an annual salary of 2 times the median family income in the State as determined by the most recent American Community Survey conducted by the United States Census Bureau. Every 4 years, beginning the first Wednesday of January 2011, the annual salary for each gubernatorial term must be recalculated to reflect the most recent median family income.'

Further amend the bill by inserting after section 2 the following:

'Sec. 3. Appropriations and allocations. The following appropriations and allocations are made.

COMMITTEE AMENDMENT

1000

COMMITTEE AMENDMENT "A" to H.P. 1349, L.D. 1908

EXECUTIVE DEPARTMENT

Administration - Executive - Governor's Office 0165

Initiative: Appropriates \$21,709 to the Governor's Office in fiscal year 2006-07 to increase the salary of the Governor for half of the fiscal year. The amount is based on an annual salary increase from the current \$70,000 to \$102,744 and includes the required retirement expenses on the increased salary.

GENERAL FUND	2005-06	2006-07
Personal Services	\$0	\$21,709
GENERAL FUND TOTAL	<u>\$0</u>	<u>\$21,709</u>

SUMMARY

This amendment is the majority report of the committee. It sets the Governor's salary at 2 times the median family income in the State as determined by the most recent American Community Survey conducted by the United States Census Bureau starting in January 2007. Every 4 years, the Governor's salary must be recalculated according to the most recent median family income.

The amendment also adds an appropriations and allocations section to the bill.

FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT



122nd MAINE LEGISLATURE

LD 1908

LR 2463(02)

An Act To Increase the Salary of the Governor

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: State and Local Government

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	\$0	\$21,709	\$43,418	\$43,418
Appropriations/Allocations				
General Fund	\$0	\$21,709	\$43,418	\$43,418

Fiscal Detail and Notes

This legislation will result in a cost to the Office of the Governor within the Executive Department of approximately \$21,709 in fiscal year 2006-07 and \$43,418 in fiscal year 2007-08, fiscal year 2008-09 and fiscal year 2009-10. These estimates are based on a salary increase for the Governor from the current \$70,000 to \$102,744, which is two times the median household income of \$51,372 as of the most recent American Community Survey conducted by the United States Census Bureau. These estimates also include the retirement costs on the increased salary. The fiscal year 2006-07 appropriation represents half a year funding since this legislation is effective on the first Wednesday of January of 2007. The salary for each gubernatorial term will be recalculated every four years to reflect the most recent median family income.

The bill will also increase costs to the Maine State Retirement System beginning in the 2008-2009 biennium based on increased retirement allowance payments required pursuant to Title 2, section 1-A, which provide retired Governors with 3/8 of the current Governor's salary locked in at the age of 60 or on leaving office, whichever is later. This fiscal note assumes that former Governor John R. McKernan, who will reach age 60 during that time period, will elect to begin receiving retirement allowance benefits. He is the only former Governor to be impacted by this legislation because the others have already locked in their retirement amounts.

If the current Governor is reelected to a second term the provisions of this bill will have no impact until after that second term has ended. Although he would not receive the salary increase, Governor Baldacci would be the first former Governor to receive the higher retirement pay when he reaches age 60 in the future because former Governor McKernan would have already locked in his retirement amount at the lower rate.