

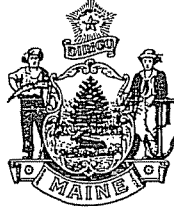
MAINE STATE LEGISLATURE

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124th MAINE LEGISLATURE

FIRST REGULAR SESSION-2009

Legislative Document

No. 976

I.B. 3

House of Representatives, March 10, 2009

An Act To Provide Tax Relief

Transmitted to the Clerk of the 124th Maine Legislature by the Secretary of State on March 4, 2009, and ordered printed

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

1 Be it enacted by the People of the State of Maine as follows:

2 Sec. 1. 5 MRSA §1507, next to last ¶, as amended by PL 2005, c. 519, Pt. VV,
3 §1, is repealed.

4 Sec. 2. 5 MRSA §1511, as amended by PL 2005, c. 519, Pt. VV, §2, is repealed.

5 Sec. 3. 5 MRSA §1522 is enacted to read:

6 **§1522. Maine Budget Stabilization Fund**

7 **1. Establishment.** The Maine Budget Stabilization Fund, referred to in this section
8 as "the fund," is established and must be administered for the purposes identified in this
9 section.

10 **2. Transfers to fund; limits.** The fund may receive transfers by the State Controller
11 of unappropriated surplus at the close of a fiscal year as provided in section 2045 and any
12 other funds identified by law. Amounts in the fund may not exceed 12% of the total
13 General Fund revenues received in the immediately preceding fiscal year and may not
14 lapse, but remain in a continuing carrying account to carry out the purposes of this
15 section. The limit at the close of a fiscal year is based on the total General Fund revenues
16 received in the fiscal year being closed.

17 **3. Use of fund.** The Legislature may authorize transfers, appropriations and
18 allocations from the fund only to fund the costs of State Government up to the
19 expenditure limit calculated under section 2044 in years when state revenues are less than
20 the amount necessary to finance the level of expenditures permitted under section 2044.

21 **4. Investment of funds; proceeds.** The money in the fund may be invested as
22 provided by law, with the earnings credited to the fund. At the close of every month
23 during which the fund is at the 12% limitation described in subsection 2, the State
24 Controller shall transfer the excess to the Tax Relief Reserve Fund established under
25 section 2045.

26 Sec. 4. 5 MRSA §1523 is enacted to read:

27 **§1523. Maine Highway Budget Stabilization Fund**

28 **1. Establishment.** The Maine Highway Budget Stabilization Fund, referred to in
29 this section as "the fund," is established and must be administered for the purposes
30 identified in this section.

31 **2. Transfers to fund; limits.** The fund may receive transfers by the State Controller
32 of unallocated Highway Fund surplus at the close of a fiscal year as provided in section
33 2046 and any other funds identified by law. Amounts in the fund may not exceed 12% of
34 the total Highway Fund revenues received in the immediately preceding fiscal year and
35 may not lapse, but remain in a continuing carrying account to carry out the purposes of
36 this section. The limit at the close of a fiscal year is based on the total Highway Fund
37 revenues received in the fiscal year being closed.

1 **1. Expenditure limitations.** Annual authorized state appropriations and allocations
2 may not exceed the limits provided in this chapter unless authorized by the procedures
3 specified in this chapter.

4 **2. Revenue increases.** An increase in revenue may be adopted only as provided in
5 section 2043.

6 **3. Construction.** It is the intent of the Legislature that this chapter be interpreted
7 liberally to restrain excess growth of state and local government.

8 **§2042. Definitions**

9 As used in this chapter, unless the context otherwise indicates, the following terms
10 have the following meanings.

11 **1. Emergency.** "Emergency" means extraordinary circumstances outside the control
12 of the Legislature, including:

13 **A.** Catastrophic events such as natural disaster, terrorism, fire, war and riot;

14 **B.** Citizens' initiatives or other referenda; and

15 **C.** Court orders or decrees.

16 **2. Increase in revenue.** "Increase in revenue" means any legislation or tax levy that
17 is estimated to result in a net gain in revenue of at least 0.01% of General Fund revenue
18 in at least one fiscal year and:

19 **A.** Enacts a new tax;

20 **B.** Increases the rate or expands the base of an existing tax;

21 **C.** Repeals or reduces any tax exemption, credit or refund; or

22 **D.** Extends an expiring tax increase.

23 **3. Inflation adjustment factor.** "Inflation adjustment factor" means the increase in
24 the Consumer Price Index for the most recently available calendar year as calculated by
25 the United States Department of Labor, Bureau of Labor Statistics. The inflation
26 adjustment factor may not be less than zero.

27 **4. Population adjustment factor.** "Population adjustment factor" means the
28 average annual percentage increase in population for the 3 most recent years for which
29 data is available as determined annually by the Executive Department, State Planning
30 Office statewide based on federal census estimates. The population adjustment factor may
31 not be less than zero.

32 **5. Revenue.** "Revenue" means taxes collected by the State.

33 **6. State spending.** "State spending" means any authorized state appropriations and
34 allocations.

35 **7. Tax.** "Tax" means any amount raised for the general support of government
36 functions. It does not include charges to cover the cost of specific goods or services

1 provided or fees or other charges that are assessed for the purposes of covering the cost of
2 administration of a government activity related to the purposes for which the fee is
3 charged.

4 **§2043. Approval of revenue increases**

5 **1. Approval of increases.** To adopt an increase in revenue:

6 A. The measure must be approved by a majority vote of all the members of each
7 House of the Legislature; and

8 B. Except as provided in subsection 2, the measure must be approved by a majority
9 of the voters as described in subsection 3.

10 **2. Exceptions.** Voter approval under subsection 1, paragraph B is not required if:

11 A. Annual revenue is less than annual payments on general obligation bonds,
12 required payments related to pensions and final court judgments; or

13 B. The measure is an emergency tax and the provisions of section 2048 are followed.

14 **3. Approval by voters; emergency approval.** The question of whether to adopt
15 legislation to impose an increase in revenue must be submitted to the voters for approval
16 at the next general election as defined in Title 21-A, section 1. If the Legislature
17 determines by a majority vote that legislation to increase taxes should take effect sooner
18 than the next general election, the Legislature may provide for submission of the question
19 to the voters at any regular or special election as defined in Title 21-A, section 1.

20 **4. Revenue estimates.** A measure submitted to the voters under subsection 3 must
21 include an estimate of the amount to be raised by the measure for the first 4 fiscal years of
22 its implementation if the measure is submitted to the voters in the first year of a biennial
23 budget and the first 3 fiscal years if submitted in the 2nd year of a biennial budget.

24 **5. Notice.** At least 30 days before an election required under subsection 3, the
25 Secretary of State shall mail at the least cost a titled notice or set of notices addressed to
26 "All Registered Voters" at each address of every active registered voter. Notices must
27 include the following information and may not include any additional information:

28 A. The election date, hours, ballot title and text and local election office address and
29 telephone number;

30 B. For each proposed increase in revenue, the estimated or actual total of state
31 spending for the current fiscal year and each of the past 4 years and the overall
32 percentage and dollar change; and

33 C. For the first full fiscal year of each proposed increase in revenue, estimates of the
34 maximum dollar amount of each increase and of the first year's state spending
35 without the increase.

36 Except by later voter approval, if an increase in revenue exceeds any estimate prepared
37 under paragraph C for the same fiscal year, the tax increase is thereafter reduced in
38 proportion to the amount of the excess, and the excess revenue that was collected must be
39 transferred to the Tax Relief Reserve Fund under section 2045 in the next fiscal year.

1 Ballot questions for increases in revenue must begin: "Do you favor (description of the
2 tax increase) to increase state revenues by (amount of first or, if phased in, full fiscal year
3 dollar increase) annually for the purpose of...?" The ballot question must also contain the
4 information required by paragraphs B and C.

5 6. Costs. The State shall reimburse municipalities for the costs of a special election,
6 as defined in Title 21-A, section 1, called under this section.

7 **§2044. Expenditure limitation**

8 1. State expenditure limitation. Beginning with the first fiscal year that begins
9 after this section takes effect, the maximum annual percentage change in state spending in
10 the categories specified in this subsection equals the inflation adjustment factor plus the
11 population adjustment factor and any increases attributable to measures approved under
12 section 2043. This limitation must be calculated separately for the following categories:

13 A. General Fund;

14 B. Highway Fund; and

15 C. Other Special Revenue Funds, for which separate individual limitations must be
16 applied by program, including internal service accounts but not bond fund accounts.

17 2. Exceptions. The following may not be counted in calculating expenditure
18 limitations under subsection 1:

19 A. Amounts returned to taxpayers as refunds of amounts exceeding the expenditure
20 limitation in a prior year;

21 B. Amounts received from the Federal Government;

22 C. Amounts collected on behalf of another level of government;

23 D. Pension contributions by employees and pension fund earnings;

24 E. Pension and disability payments made to former government employees;

25 F. Amounts received as grants, gifts or donations that must be spent for purposes
26 specified by the donor;

27 G. Amounts paid pursuant to a court award; or

28 H. Reserve transfers.

29 3. Approval of increases. To adopt an increase in state spending beyond the
30 expenditure limitations under subsection 1:

31 A. The measure must be approved by a majority vote of all the members of each
32 House of the Legislature; and

33 B. Except as provided in subsection 4, the measure must be approved by a majority
34 of the voters as described in subsection 5.

35 4. Exceptions. Voter approval under subsection 3, paragraph B is not required if the
36 state spending is a result of an increase in revenue approved under section 2043.

1 5. Approval by voters; emergency approval. The question of whether to adopt
2 legislation to impose an increase in state spending beyond the expenditure limitation
3 under subsection 1 must be submitted to the voters for approval at the next general
4 election as defined in Title 21-A, section 1. If the Legislature determines by a majority
5 vote that legislation to increase state spending beyond the limitation should take effect
6 sooner than the next general election, the Legislature may provide for submission of the
7 question to the voters at any regular or special election as defined in Title 21-A, section 1.

8 6. Spending estimates. A measure submitted to the voters under subsection 3 must
9 include an estimate of the state spending increase by the measure for the first 4 fiscal
10 years of its implementation if the measure is submitted to the voters in the first year of a
11 biennial budget and the first 3 fiscal years if submitted in the 2nd year of a biennial
12 budget.

13 7. Notice. At least 30 days before an election required under subsection 5, the
14 Secretary of State shall mail at the least cost a titled notice or set of notices addressed to
15 "All Registered Voters" at each address of every active registered voter. Notices must
16 include the following information and may not include any additional information:

17 A. The election date, hours, ballot title and text and local election office address and
18 telephone number;

19 B. For each proposed state spending increase, the estimated or actual total of
20 spending for the current fiscal year and each of the past 4 years and the overall
21 percentage and dollar change; and

22 C. For the first full fiscal year of each proposed state spending increase, estimates of
23 the maximum dollar amount of each increase and of fiscal year spending without the
24 increase.

25 Except by later voter approval, if a state spending increase exceeds any estimate prepared
26 under paragraph C for the same fiscal year, the state spending increase is thereafter
27 reduced in proportion to the amount of the excess. Ballot questions for state spending
28 increases must begin: "Do you favor increasing state spending by (amount of first or, if
29 phased in, full fiscal year dollar increase) annually for the purpose of...?" The ballot
30 question must also contain the information required by paragraphs B and C.

31 8. Costs. The State shall reimburse municipalities for the costs of a special election,
32 as defined in Title 21-A, section 1, called under this section.

33 **§2045. Transfers and refund of unappropriated General Fund surplus**

34 1. Fund created. The Tax Relief Reserve Fund, referred to in this section as "the
35 fund," is created for the purposes set forth in this chapter. Amounts in the fund may not
36 lapse, but remain in a continuing carrying account to carry out the purposes of this
37 section.

38 2. Transfer. At the close of each fiscal year, the State Controller shall identify the
39 amount of General Fund unappropriated surplus and make the following transfers:

40 A. Eighty percent of the unappropriated surplus must be transferred to the fund; and

1 B. Twenty percent of the unappropriated surplus must be transferred to the Maine
2 Budget Stabilization Fund established in section 1522.

3 3. Notification. By September 1st annually, the State Controller shall notify the
4 Legislature and the State Tax Assessor of the amount in the fund as a result of the transfer
5 required by subsection 2.

6 4. Refund. If the amount in the fund exceeds 1% of General Fund expenditures, the
7 Legislature shall, by September 15th, enact legislation to provide for the refund to
8 taxpayers of amounts in the fund. Refunds may take the form only of temporary or
9 permanent broad-based tax rate reductions.

10 5. Refund in case of legislative inaction. If the Legislature does not enact
11 legislation by September 15th to provide refunds pursuant to subsection 4, then the State
12 Controller shall, by September 30th, notify the State Tax Assessor of the amount in the
13 fund. The State Tax Assessor shall calculate a one-time bonus personal exemption refund.
14 The amount of the personal exemption refund must be calculated by dividing the amount
15 in the fund identified by the State Controller under subsection 3 by the number of
16 personal exemptions claimed on income tax returns filed for tax years beginning in the
17 previous calendar year and rounded down to the nearest \$5 increment. The State Tax
18 Assessor shall issue a refund by October 15th to a taxpayer who filed an income tax
19 return by April 15th of the same calendar year based on the number of personal
20 exemptions claimed on the taxpayer's return without regard to the taxpayer's tax liability
21 for the year.

22 **§2046. Transfers and refund of unallocated Highway Fund surplus**

23 1. Fund created. The Highway Fund Reserve Fund, referred to in this section as
24 "the fund," is created for the purposes set forth in this chapter.

25 2. Transfer. At the close of each fiscal year, the State Controller shall identify the
26 amount of Highway Fund unallocated surplus and make the following transfers:

27 A. Eighty percent of the unallocated surplus must be transferred to the fund; and

28 B. Twenty percent of the unallocated surplus must be transferred to the Maine
29 Highway Budget Stabilization Fund established in section 1523.

30 3. Notification. By September 1st annually, the State Controller shall notify the
31 Legislature of the amount in the fund as a result of the transfer required by subsection 2.

32 4. Refund. If the amount in the fund exceeds 1% of Highway Fund expenditures for
33 the previous fiscal year, the State Tax Assessor shall calculate, based on the amount in
34 the fund, a proportional reduction in the taxes on motor fuels under Title 36, Part 5 to
35 become effective the following January 1st and remain in effect for one calendar year.

36 **§2047. Revenues of Other Special Revenue Funds accounts**

37 By September 1st annually, each state agency that manages an Other Special
38 Revenue Funds account shall submit an annual report to the Legislature identifying
39 revenues received in the preceding fiscal year that exceed the expenditure limitation

1 established in section 2044 and any other uncommitted revenues received during the
2 previous fiscal year and proposing a plan for refunding the amount identified that exceeds
3 10% of the previous fiscal year's expenditure.

4 **§2048. Emergency taxes**

5 **1. Emergency taxes permitted; conditions.** The State may impose emergency
6 taxes only in accordance with this section:

7 A. The tax must be approved for a specified time period by a majority of the
8 members of each House of the Legislature;

9 B. Emergency tax revenue may be spent only after other available reserves are
10 depleted and must be refunded 180 days after the emergency ends if not spent on the
11 emergency; and

12 C. The tax must be submitted for approval by the voters at the next regular election,
13 as defined in Title 21-A, section 1.

14 **2. Absence of approval.** If not approved by the voters as provided in this section,
15 an emergency tax expires 30 days following the election.

16 **Sec. 9. 5 MRSA §13063-C, sub-§4, ¶B,** as amended by PL 2005, c. 2, Pt. A, §9
17 and affected by §14, is further amended to read:

18 B. Notwithstanding section 1585, any balance remaining in the program after July
19 31, 2007 must be transferred to the Maine Budget Stabilization Fund as established in
20 section ~~1532~~ 1522.

21 **Sec. 10. 5 MRSA §17253, sub-§3,** as amended by PL 2005, c. 2, Pt. A, §10 and
22 affected by §14, is further amended to read:

23 **3. Components of unfunded liability contribution.** The annual valuation report
24 prepared by the actuary in accordance with section 17107 must include identification of
25 the impact on the employer contribution rate of any excess General Fund revenues
26 transferred to the Retirement Allowance Fund ~~pursuant to section 1532.~~

27 **Sec. 11. 25 MRSA §1612, sub-§7,** as amended by PL 2005, c. 2, Pt. A, §12 and
28 affected by §14, is repealed.

29 **Sec. 12. 30-A MRSA §706-A, sub-§3, ¶C** is enacted to read:

30 C. The growth limitation factor may not exceed average real personal income growth
31 plus forecasted inflation.

32 **Sec. 13. 30-A MRSA §706-A, sub-§7,** as affected by PL 2005, c. 2, Pt. B, §4 and
33 amended by c. 12, Pt. WW, §10 and affected by §§13 and 14, is further amended to read:

34 **7. Process for exceeding county assessment limit.** A county may exceed or
35 increase the county assessment limit only if approved by a vote of a majority of all the
36 members of both the county budget committee or county budget advisory committee and

1 the county commissioners and if approved by the voters at a referendum held at a regular
2 or special election, as defined in Title 21-A, section 1.

3 ~~Unless a county charter otherwise provides or prohibits a petition and referendum~~
4 ~~process, if a written petition, signed by at least 10% of the number of voters voting in the~~
5 ~~last gubernatorial election in the county, requesting a vote on the question of exceeding~~
6 ~~the county assessment limit is submitted to the county commissioners within 30 days of~~
7 ~~the commissioners' vote pursuant to this subsection, the article voted on by the~~
8 ~~commissioners must be submitted to the legal voters in the next regular election or a~~
9 ~~special election called for that purpose. The election must be held within 45 days of the~~
10 ~~submission of the petition. The election must be called, advertised and conducted~~
11 ~~according to the law relating to municipal elections, except that the registrar of voters is~~
12 ~~not required to prepare or the clerk to post a new list of voters, the filing requirement~~
13 ~~contained in section 2528 does not apply and absentee ballots must be prepared and made~~
14 ~~available at least 14 days prior to the date of the referendum. For the purpose of~~
15 ~~registration of voters, the registrar of voters must be in session the secular day preceding~~
16 ~~the election. The voters shall indicate by a cross or check mark placed against the word~~
17 ~~"Yes" or "No" their opinion on the article. The results must be declared by the county~~
18 ~~commissioners and entered upon the county records.~~

19 **Sec. 14. 30-A MRSA §706-B** is enacted to read:

20 **§706-B. Cost center budget summary format**

21 Each municipality shall use the cost center budget summary format developed by the
22 Department of Audit under Resolve 2005, chapter 136 in adopting budgets beginning
23 with the first fiscal year that begins after 6 months from the effective date of this section.

24 **Sec. 15. 30-A MRSA §5721-A, sub-§3, ¶C** is enacted to read:

25 C. The growth limitation factor may not exceed average real personal income growth
26 plus forecasted inflation.

27 **Sec. 16. 30-A MRSA §5721-A, sub-§7**, as affected by PL 2005, c. 2, Pt. C, §5
28 and amended by c. 12, Pt. WW, §12 and affected by §§15 and 16, is further amended to
29 read:

30 **7. Process for exceeding property tax levy limit.** A municipality may exceed or
31 increase the property tax levy limit only by the following means.

32 A. If the municipal budget is adopted by town meeting or by referendum, the
33 property tax levy limit may be exceeded by the same process that applies to adoption
34 of the municipal budget except that the vote must be by written ballot on a separate
35 article that specifically identifies the intent to exceed the property tax levy limit and
36 the action must be approved by the voters at a referendum held at a regular or special
37 election, as defined in Title 21-A, section 1.

38 B. If the municipal budget is adopted by a town council or city council, the property
39 tax levy limit may be exceeded only if approved by a majority vote of all the elected
40 members of the town council or city council on a separate article that specifically

1 identifies the intent to exceed the property tax levy limit and approved by the voters
2 at a referendum held at a regular or special election, as defined in Title 21-A, section
3 1. Unless a municipal charter otherwise provides or prohibits a petition and
4 referendum process, if a written petition, signed by at least 10% of the number of
5 voters voting in the last gubernatorial election in the municipality, requesting a vote
6 on the question of exceeding the property tax levy limit is submitted to the municipal
7 officers within 30 days of the council's vote pursuant to this paragraph, the article
8 voted on by the council must be submitted to the legal voters in the next regular
9 election or a special election called for that purpose. The election must be held
10 within 45 days of the submission of the petition. The election must be called,
11 advertised and conducted according to the law relating to municipal elections, except
12 that the registrar of voters is not required to prepare or the clerk to post a new list of
13 voters and absentee ballots must be prepared and made available at least 14 days
14 prior to the date of the referendum. For the purpose of registration of voters, the
15 registrar of voters must be in session the secular day preceding the election. The
16 voters shall indicate by a cross or check mark placed against the word "Yes" or "No"
17 their opinion on the article. The results must be declared by the municipal officers
18 and entered upon the municipal records.

19 **Sec. 17. 30-A MRSA §5721-B** is enacted to read:

20 **§5721-B. Cost center budget summary format**

21 Each municipality shall use the cost center budget summary format developed by the
22 Department of Audit under Resolve 2005, chapter 136 in adopting budgets beginning
23 with the first fiscal year that begins after 6 months from the effective date of this section.

24 **Sec. 18. 36 MRSA §3321**, as amended by PL 2007, c. 306, §9, is further amended
25 to read:

26 **§3321. Annual adjustment of tax rates**

27 **1. Generally.** Beginning in 2003, and each calendar year thereafter, the excise tax
28 imposed upon internal combustion engine fuel pursuant to section 2903, subsection 1 and
29 the excise tax imposed upon distillates pursuant to section 3203, subsection 1 are subject
30 to an annual rate of adjustment pursuant to this section. On or about ~~February~~ September
31 15th of each year, the State Tax Assessor shall calculate the adjusted rates by multiplying
32 the rates in effect on the calculation date by an inflation index as computed in subsection
33 2. The adjusted rates must then be rounded to the nearest 1/10 of a cent and become
34 effective on the first day of July immediately following the calculation if approved by the
35 voters pursuant to subsection 5. The assessor shall publish the annually adjusted fuel tax
36 rates and shall provide all necessary forms and reports to suppliers, distributors and retail
37 dealers.

38 **2. Method of calculation; inflation index defined.** The inflation index for 2003 is
39 1.118, representing annual inflation adjustments for the years 1999 to 2002, inclusive.
40 Starting in 2004 and every year thereafter, the inflation index is the Consumer Price
41 Index as defined in section 5402, subsection 1 for the calendar year ending on the

1 December 31st immediately preceding the calculation date, divided by the Consumer
2 Price Index for the prior calendar year.

3 **3. Exclusion.** This section does not apply to internal combustion engine fuel
4 purchased or used for the purpose of propelling jet or turbojet engine aircraft.

5 ~~4. Legislative review. Starting in 2008 and each even-numbered year thereafter, the~~
6 ~~Department of Transportation shall submit an emergency bill by the cloture date~~
7 ~~established for departments and agencies for the first regular session of the Legislature~~
8 ~~that suspends the adjustment in fuel tax rates in the upcoming biennium resulting from~~
9 ~~the operation of this section.~~

10 **5. Voter approval.** Beginning with adjustments calculated following the effective
11 date of this subsection, a change in the rate of excise tax resulting from the adjustment
12 required in subsection 1 may take effect only if approved by a majority of the voters at a
13 regular or special election as defined in Title 21-A, section 1. The question on the ballot
14 must read:

15 "Do you favor increasing the rate of motor fuel taxes to account for inflation? If this
16 question is approved the rate of tax on gasoline will increase from ___¢ per gallon
17 to ___¢ per gallon and the rate of tax on diesel fuel will increase from ___¢ per
18 gallon to ___¢ per gallon beginning next July 1st."

19 **Sec. 19. 36 MRSA §7303** is enacted to read:

20 **§7303. Cost center budget summary format**

21 **1. Annual report.** Each county and municipality shall submit a copy of its cost
22 center budget summary adopted pursuant to Title 30-A, sections 706-B and 5721-B,
23 respectively, to the bureau within 30 days after final approval of the county or municipal
24 budget.

25 **2. Public access.** Each county and municipality shall make copies of the cost center
26 budget summary submitted pursuant to subsection 1 available to the public at least 2
27 weeks before any action is taken to adopt the budget. If the county or municipality has a
28 publicly accessible website, the county or municipality shall include a copy of the cost
29 center budget summary as proposed and as finally adopted on that website. The bureau
30 shall include all adopted county and municipal budgets in the cost center budget summary
31 format on its publicly accessible website.

32 **Sec. 20. Maine Budget Stabilization Fund.** The Maine Budget Stabilization
33 Fund established in the Maine Revised Statutes, Title 5, section 1522 is the successor in
34 every way to the Maine Budget Stabilization Fund established under former Title 5,
35 section 1532. All funds in the Maine Budget Stabilization Fund established under former
36 Title 5, section 1532 are transferred to the Maine Budget Stabilization Fund established in
37 Title 5, section 1522 on the effective date of this Act.

38 **Sec. 21. Legislative intent; relationship to private and special law.** It is the
39 intent of the Legislature that the provisions of this Act supersede any conflicting

1 provisions of private and special law relating to the determination of revenue, fees and
2 expenditures.

3 **Sec. 22. Application.** This Act applies to fiscal years beginning on or after the
4 date 4 months after the effective date of this Act.

5 SUMMARY

6 This initiated bill imposes expenditure limitations on state and local government and
7 requires voter approval of certain state tax increases.

8 Under this bill, growth in annual expenditures of the General Fund, the Highway
9 Fund and Other Special Revenue Funds are limited according to increases in population
10 and inflation. For the General Fund and Highway Fund budgets, revenues exceeding the
11 expenditure limitation must be distributed by directing 20% of that excess to a budget
12 stabilization fund and 80% of that excess to a tax relief fund. The budget stabilization
13 funds may be used only in years when revenues are not sufficient to fund the level of
14 expenditure permitted by the growth limits. The Tax Relief Reserve Fund must be used to
15 provide tax relief through broad-based tax rate reductions or refunds proportional to
16 individual income tax personal exemptions claimed in the previous tax year. The
17 Highway Fund Reserve Fund must be used to provide a decrease in motor fuel taxes. For
18 state agencies that manage Other Special Revenue Funds, the managers of those funds
19 must report excess surpluses to the Legislature with a plan for refund of those revenues.

20 Under this bill, a state tax increase would require a majority vote of each House of
21 the Legislature and majority approval of the voters.

22 This bill provides that state expenditure limits contained in the bill may be exceeded
23 by a majority vote of each House of the Legislature and majority approval by the voters.

24 The bill adds the requirement of majority approval by the voters before municipal and
25 county expenditure limits may be exceeded.

26 The bill requires majority approval by the voters for the annual indexing for inflation
27 of motor fuel taxes.

28 The bill requires counties and municipalities to use a cost center budget summary
29 format developed by the Department of Audit and requires information in that format to
30 be made available to local voters, filed annually with Maine Revenue Services and posted
31 on any publicly accessible website maintained by the county or municipality as well as on
32 the Maine Revenue Services website.