

MAINE STATE LEGISLATURE

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State of Maine

OFFICE OF THE GOVERNOR

AUGUSTA, MAINE 04333

FOR IMMEDIATE RELEASE
May 20, 1991

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GOVERNOR PROPOSES NEW FISCAL ORDER FOR MAINE

Maine Governor John McKernan today unveiled a three-point budget plan for the state, labelling the plan a "New Fiscal Order" that would restore fiscal integrity and economic health to Maine.

In a State House news conference this afternoon, the Governor released his budget proposals for the two year period beginning July 1, 1991. He said his budget package would meet Maine's nearly \$1.2 billion shortfall in the biennium, and help restore economic stability to the state.

Citing a national economic downturn which has plunged states nationwide into a prolonged recession, the Governor outlined his New Fiscal Order, including:

- Restoring fiscal integrity to state finances through spending cuts, additional revenues, and long-term spending reforms;
- Reorganizing state government to improve services and efficiency; and
- Enhancing job creation and economic recovery by engineering reforms to further economic growth.

"Our success in restoring Maine's economic health is dependent on our New Fiscal Order," the Governor said. "It will determine whether Maine climbs out of this recession, or whether it remains in the economic doldrums. Our very survival depends upon our success," he said.

"We recognize that we can no longer sustain the unbridled growth in government we have had in the past. Maine State Government can no longer be all things to all people. We cannot afford business as usual," the Governor said. Implementing all three elements of his New Fiscal Order were critical to Maine's future, he said.

The Governor said his budget reduces state spending for the biennium by more than \$500 million from original requests, and includes an average of \$150 million in new revenues each year. He said the "painful decision" to increase taxes had come only after he had exhausted other budget cutting options.

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But the Governor cautioned state lawmakers on the impact of new taxes, and said he would reject attempts to impose a higher tax burden on Maine citizens. "Taxes in Maine are already too high, and I do not want to jeopardize economic growth any more than necessary," the Governor said. He noted that each of his proposed tax increases would be automatically 'sunsetting' when economic growth returns.

New taxes include a penny increase on the state sales tax; expansion of the sales tax to cover amusements and basic cable television services; an increase in the tax on meals and lodging; a four cent per gallon increase in the gasoline tax for five months in each year of the biennium; and creation of a new higher tax bracket for Maine's wealthiest residents.

The Governor also called for a broad review of state government, and charged the Commission on Governmental Restructuring with review of several proposals to consolidate state government. "We need to rein in the cost of government," the Governor said, "and my Administration will work with the Legislature to devise other innovative means of restructuring."

The Governor outlined several specific proposals to downsize government, including consolidation of the Departments of Administration and Finance, creation of a new Department of Justice, elimination of the Division of Community Services, and consolidation of the state's cultural bureaus. He said that the state could realize significant savings in time and efficiency in reorganizing state government.

In addition to agency consolidation, the Governor called for further studies on privatization of state services and new checks on state spending growth. His New Fiscal Order limits future growth in entitlement programs, restores incentives to control growth in aid to local education, and restores funding for the state's Rainy Day Fund.

The Governor said his New Fiscal Order depends on solving basic economic problems which deter job creation in Maine. He called on lawmakers to implement major reforms in the state's workers' compensation system, and said any budget solution should include "meaningful reductions" in the cost of the system.

He called for a host of programs to spark job creation and business investment, including reforms to the state's environmental laws; a no-frills health care system for small businesses; an investment in tourism promotion; restoration of Investment Tax Credits; and bond issues to rebuild Maine's infrastructure and create jobs in the fragile construction industry.

STATE DEPOSITORY
AUGUSTA, MAINE



STATE OF MAINE
OFFICE OF THE GOVERNOR
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JOHN R. MCKERNAN, JR.
GOVERNOR

Governor McKernan's Budget Solution

A New Fiscal Order for Maine

May 20, 1991



PRINTED ON RECYCLED PAPER

JAN 28 1992

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GOVERNOR MCKERNAN'S BUDGET: A NEW FISCAL ORDER FOR MAINE

1. Restore Fiscal Stability.

- Reduce State Government Expenditures.
The Governor's budget includes over \$500 million in reductions from requests for "current services" spending. The Governor believes that Maine people cannot afford the double-digit increases in state spending common in the past decade.
- Raise Revenues.
The Governor acknowledges the need for new revenues to solve the state's budget problems, but restricts new taxes to an average of \$150 million each year, including a penny increase in the state sales tax, and a 10 percent tax bracket for Maine's wealthiest residents.
- Demand Future Fiscal Responsibility.
The Governor's New Fiscal Order encourages cost containment and restricts future growth in government spending.
 - Increases the State's Rainy Day Fund.
 - Limits growth in spending.
 - Links tax increases to economic recovery.

2. Reorganize State Government to Improve Services and Efficiency.

- Rethink State Services.
The Governor believes we should demand an efficient and effective state government. The Governor's New Fiscal Order challenges the Restructuring Commission to rethink state government services.
- Reorganize state departments to improve efficiency.
- Contract some services to the private sector.
The Governor proposes contracting some state functions, such as the Lottery and some Liquor stores, to private organizations.

3. Encourage Job Creation and Economic Recovery.

- Create New Jobs.
The Governor calls for a \$61.5 million bond package for repairs to our infrastructure and to encourage job creation and retention.
- Reform Workers' Compensation.
The Governor demands meaningful reforms to our workers' compensation system to remove a major deterrent to job creation, and said the budget should include such reforms.
- Remove Obstacles to Private Sector Job Creation.
The Governor calls for meaningful reforms to environmental laws and Maine's health care system, which stand in the way of economic recovery.
- Encourage Business Expansion.
The Governor calls for Investment Tax Credits and increased funding for tourism to spur growth in the state economy.

GOVERNOR McKERNAN'S BUDGET SOLUTION:
A NEW FISCAL ORDER FOR MAINE

FACT SHEET

Governor John McKernan's budget solution package for FY 1992-1993 will address Maine's budget shortfall and restore economic stability. The Governor presented a comprehensive budget package which addresses Maine's short-term fiscal challenges while removing obstacles to job creation in the future. He said his "New Fiscal Order" will:

- Restore fiscal stability through spending cuts, additional revenues, and long-term spending reforms.
- Redefine state government functions by setting priorities, containing future growth, exploring privatization options and maximizing efficiency through agency consolidation.
- Revitalize the economy and create jobs by reforming workers' compensation, increasing funding for tourism promotion, restoring the investment tax credit and offering a bond package to improve our infrastructure and create and retain jobs.

I. RESTORING FISCAL STABILITY

The Governor's New Fiscal Order requires a return to fiscal stability in Maine state government. His proposal includes more than \$500 million in cuts in state expenditures, and an average of \$150 million in new revenues each year, including a one-cent increase in the state sales tax, and returning to a ten percent income tax rate for Maine's wealthiest individuals.

The Governor believes that these short-term solutions must be coupled with long-term reforms in state spending trends to prove meaningful. He proposes sunseting all of the new taxes when the economy recovers and state revenues increase.

A. Reducing State Government Expenditures.

Bringing State Spending Under Control.

The Governor believes that our economy can no longer sustain the current level of government spending. For nearly a decade state government has enjoyed double-digit spending increases based on unprecedented economic growth. Maine people can no longer afford the present rate of spending increases.

Defining a State Government Maine People Can Afford.

Maine currently provides some of the most generous benefits of any state in the nation. Maine is the third most generous in welfare spending per capita, and has the sixth highest rate for nursing home reimbursement.

The Governor recognizes that cuts in spending may be painful to some people, but believes that we can no longer afford to be all things to all people and continue this sort of spending. Like Maine families, State Government must set its priorities in funding state programs.

Maintaining the Safety Net for the Most Disadvantaged.

Governor McKernan recognizes that during difficult economic times, the most disadvantaged in our society bear a disproportionate burden of budget cuts. The Governor's budget preserves social welfare programs for our most needy citizens.

The Governor believes that the "safety net" which protects the most needy in our communities remains intact despite painful budget realities.

Continuing to Prepare for our Future.

The Governor believes we must not retreat from the progress we have made in reforming our educational system. Although the reality of the economic downturn precludes increases in education funding, the Governor recommends funding General Purpose Aid to Education at current levels, and maintains current funding levels for the University, Technical College and Maine Maritime Academy.

At the same time, the Governor calls upon local school districts and the University and Technical College systems to evaluate their spending priorities and consider commensurate cuts, particularly in high administrative expenses.

B. Raising New Revenues.

Balancing the Budget with Significant Cuts.

Governor McKernan believes that it is not prudent to balance the budget on the backs of Maine taxpayers. Since proposing his initial budget to the Legislature in January, the Governor has insisted on a broad review of state government programs and services to identify savings in state government.

After a four-month review and more than \$500 million in cuts, the Governor feels that new revenues will be necessary to balance the budget.

However, the Governor recognizes that new taxes pose a risk to economic recovery. According to a recent report issued by a Washington tax association, Maine is ranked sixth in the nation in overall state tax burden. And a recent Wall Street Journal study rated Maine seventh in combined state and local taxes.

Governor McKernan believes that we cannot raise taxes beyond levels absolutely necessary to fund essential state services.

Identifying New Revenues.

Governor McKernan's budget includes new revenues averaging \$150 million for each year in the biennium. The Governor proposes the following new revenue sources:

- Raising the Sales Tax to six percent
- Reinstating a 10 percent tax bracket for taxpayers with more than \$75,000 in income after exemptions
- Expanding the sales tax to include amusements and cable television services
- Raising the tax on meals and lodging to eight percent, and bringing the tax on bar liquor sales down to eight percent as well
- Raising the gasoline tax four cents per gallon for five months in each year of the biennium

Keeping New Taxes to a Minimum.

The Governor rejects additional increases to the state tax structure, and insists that new taxes be kept to the minimum level required to fund essential state services.

Governor McKernan vows to veto any budget which contains a higher level of new tax increases. He believes that in difficult economic times, it is

irresponsible to ask Maine residents for even one penny more than is absolutely required to run state government.

Furthermore, to ensure that the increases do not result in unwarranted growth in state government once the economy recovers, the Governor includes provisions to sunset automatically the entire tax package being proposed.

Maximizing Federal Medicaid Funding.

The Governor proposes additional revenues through maximization of Federal Medicaid funding requirements, achieved through higher licensing fees for hospitals and nursing homes.

These fees will not increase either hospital or nursing home charges to non-Medicaid patients, and in fact will lower health insurance premiums for Maine citizens since Medicaid will now be paying more of its share of hospital costs.

Restoring Budget Cuts to Essential Programs.

Governor McKernan's budget package includes necessary funding for a variety of state programs, including:

- Closing the projected \$256 million shortfall in the FY 1992-1993 budget
- Restoring funding to meet human needs and relieve overcrowding in Corrections facilities
- Funding the AMHI consent decree

The Governor restores funding in additional areas to fill holes and meet needs unmet in his budget proposed in January.

C. Demanding Fiscal Responsibility in the Future.

Limiting Future Growth in Programs.

The Governor calls for limits in future growth in state entitlement programs. For the past decade, state spending in Corrections, Human Services, and Mental Health and Mental Retardation has outpaced inflation, rising at double-digit levels.

The budget proposal includes an aggressive managed care initiative for the Medicaid program and reductions in AFDC caseloads by reducing benefit levels to offset recipient income.

Building Incentives for Cost-Containment.

Spending increases have not been limited to human service entitlement programs. Maine's educational system has also received significant spending increases.

The Governor's budget proposal maintains funding for local education at the current level for each of the next two years. During this period, it will be essential that the State move from the current cost-based reimbursement system for local school districts toward a system which ties future funding increases to the state's ability to pay.

Saving for Future Downturns.

Governor McKernan has proposed and will continue to support raising the limit of the Rainy Day Fund. The Governor believes this will allow the State to invest in its future in good times, and help to cushion the impact of future downturns. The budget revisions being proposed set aside \$6 million for the Rainy Day Fund.

II. REORGANIZING GOVERNMENT TO IMPROVE SERVICES AND EFFICIENCY

The Governor's budget redefines the proper functions of state government by setting priorities, restricting the growth of spending, exploring privatization options and maximizing efficiency through reorganization initiatives.

A. Reorganizing State Government.

The Governor proposes far-reaching initiatives for reorganizing State government, including both immediate reforms and specific recommendations to the Commission on Governmental Restructuring.

Governor McKernan believes that Maine's New Fiscal Order must redefine State government while realizing economies in consolidation and restructuring.

Creating a Department of Justice.

Governor McKernan recommends that the Restructuring Commission examine the creation of a new Department of Justice, similar to the Federal model. The Governor believes that coordination of law enforcement and corrections functions of government will improve the implementation of the State's public safety, legal and corrections policies.

The Governor asks the Commission to consider consolidating the Department of the Attorney General, the Department of Corrections, the Department of Defense and Veterans Services, and the Department of Public Safety into one, Cabinet-level department.

Under the Governor's proposal, the Attorney General would become Commissioner of the Department of Justice and a member of the Governor's Cabinet, and would require appointment by the Governor and confirmation by the Legislature. Approval of this provision would require a Constitutional amendment.

Department functions would be overseen by five bureaus, each headed by a Deputy Commissioner, including:

- Public Safety, including State Police, Criminal Justice Academy, Liquor Enforcement, Fire Marshall, Bureau of Intergovernmental Drug Enforcement (BIDE), Capitol Security, and Maine Emergency Management Agency (MEMA).
- Bureau of Corrections, including Probation and Parole, Juvenile Corrections, Maximum Security Corrections, Medium Security Corrections, Minimum Security Corrections, and Office of Advocacy.
- Bureau of the Attorney General, headed by the Attorney General, including Consumer and Anti-Trust, General Government, Criminal, Human Services, Litigation, Natural Resources, Opinions/Counsel, District Attorneys, Chief Medical Examiner.
- Bureau of the National Guard, headed by the Adjutant General, including Air Guard, Army Guard, Veterans Affairs.
- Bureau of Administration, headed by a Deputy Commissioner, including Personnel, Accounting, Public Information, Planning.

Consolidating Employee Health Agencies.

The Governor proposes consolidation of State Employee Health agencies under a new Bureau of Human Resources. The proposal would combine the Bureau of Employee Health and the Bureau of Employee Health Insurance in the Department of Administration.

Consolidation would allow the State to make more efficient use of scarce staff resources currently dispersed among three bureaus. Implementation would result in downgrading one position.

Combining State Administrative and Financial Functions.

The Governor recommends that the State Department of Administration be eliminated, with its functions combined with those of the Department of Finance. The Governor's recommendations would create a new Department of Finance and Administration headed by the Commissioner of Finance.

The Governor believes that the state could realize significant savings by centralizing administrative services. Agency functions would include:

- A Deputy Commissioner of Administration, to oversee administrative functions within the department.
- Accounts and Control, headed by the Controller.
- Budget, headed by the State Budget Officer.
- Bureau of Public Improvement, including Risk Management, headed by a Director.
- Employee Relations, headed by a Director.
- Human Resources, including Employee Health and Health Insurance, headed by a Director.
- Information Services, headed by a Director.
- Purchases, headed by the Purchasing Agent.
- Revenue, including Lottery, Liquor, and Taxation, headed by the State Tax Assessor.

Creating a Maine Cultural Affairs Bureau.

The Governor recommends centralizing administrative and support functions for the State's cultural agencies. His proposal would consolidate the Maine State Library, the Maine State Museum, the Maine Historic Preservation Commission and the Maine Arts Commission, as well as related boards and commissions, by centralizing fiscal and personnel functions.

Under the proposal, the commissions, which are the appointing authorities for their respective directors, would become standing committees of the Council. Responsibility and direction for the administrative support staff would rotate among the agency directors.

The Governor believes that this function would improve delivery of services to the public and reduce administrative expenses.

Combining Advocacy Functions.

Governor McKernan recommends creation of a new Office of Advocacy within the Executive Department. The new office would combine the functions of the Office of the Public Advocate, the Division of Community Services,

the Ombudsman for the Committee on Aging, and the Office of Volunteerism.

The Governor believes that this independent office could better advocate for citizens by centralizing fiscal services and combining advocacy talent in one office.

Coordinating Children and Family Services.

The Governor's Task Force to Improve Services to Maine's Children, Youth and Families is concluding a year-long review of organizational structures. When their work is complete, the Governor will propose coordinated service for children and families to the Commission on Governmental Restructuring.

Ensuring a Lean, Efficient State Government.

The Governor calls upon the Commission on Governmental Restructuring to examine possible consolidations in the legislative and judicial branches of government.

Based upon proposals to downsize the Executive Branch of Government, the Governor charges the Commission to study the impact of downsizing on the need for legislative committees and support staff.

B. Exploring the Advantages of Privatization.

The Governor believes that some state services can be provided more appropriately or efficiently by the private sector. His budget recommends transfer or study of operation in several areas.

Contracting out the Maine State Lottery.

The Governor's budget would transfer operation of portions of the State Lottery to private industry in order to realize personnel savings and economies of scale. The Governor believes that state oversight would remain stringent, and would continue within the Department of Finance.

Closing Less Profitable Liquor Stores.

Governor McKernan recommends closing ten state liquor stores with marginal profits. The closings would result in savings in personnel and overhead expenses. The Governor also charges the Commission on Governmental Restructuring to study the effectiveness of privatization of all state liquor stores.

Examining Effectiveness Through a Corrections Project.

The Governor proposes needed improvements to Corrections pre-release centers, and suggests a Corrections Demonstration Project to study the relative benefits of state control versus state management.

Options for study include contracting out a facility to the private sector to compare costs to facilities run by the state in any and all of the following areas: Juvenile facilities; Pre-release centers; and Minimum-Security facilities.

Transferring State Workers' Compensation Insurance.

The Governor proposes the transfer of the state employee workers' compensation insurance to the private sector. His recommendation would contract out to the private sector administration of the state's self-insured workers' compensation program.

C. Improving Management of State Property.

As government is downsized and agency consolidation occurs, Governor McKernan is determined to institute tighter management controls over leases, property and vehicles to ensure that the full benefits of increased efficiency accrue in total to the taxpayers of Maine.

III. EXPANDING JOB OPPORTUNITIES FOR MAINE CITIZENS

Governor McKernan believes that in large part our remarkable economic success during the 1980s resulted from Maine's ability to invest in its people, environment, infrastructure and business to create jobs and build a pleasant quality of life.

The Governor believes that creating jobs is crucial to our economic recovery. The economy is the engine which runs state government, so our responsiveness to Maine workers will dictate the speed with which we recover.

The Governor linked the economic and governmental reforms in his proposal with job creation efforts. Governor McKernan believes that without significant progress in removing the obstacles to job creation in the future, other reforms will only partially help to overcome the current economic decline and future state challenges.

A. Reforming Workers' Compensation.

Maine's workers' compensation system is two-and-a-half times more expensive than the national average. The Governor

believes this inordinate expense results in lost jobs, lower wages, reduced benefits and fewer employment opportunities for Maine workers.

In addition, the Governor believes that our unwieldy workers' compensation system places employers at a competitive disadvantage, hurts businesses already located in Maine, and discourages new companies from locating here.

The Governor believes that economic recovery demands reform to Maine's costly, complex and contentious workers' compensation system. He believes that reform is essential to our economic recovery and our ability to compete successfully with other states in attracting and preserving jobs for Maine citizens.

Governor McKernan has proposed a comprehensive reform package that would cut workers' compensation costs and:

- Reduce litigation
- Focus compensation on work-related injuries and illnesses
- Curb over-utilization of medical services
- Promote workplace safety, and
- Quickly return recovered employees to the workplace.

The Governor believes that passage of these reforms takes on added urgency because resulting cost reductions will not only promote and save Maine jobs, but are needed to offset the impact of tax increases on the economy.

B. Restoring the Investment Tax Credit.

Recognizing the importance of stimulating investment in Maine's factories, Governor McKernan is proposing restoration of the investment tax credit previously slated for deferral.

The tax credit will allow Maine businesses to offset state income tax liability for up to one percent of their new investment for five years.

C. Revitalizing our Infrastructure.

Proposing Bonds to Build Jobs.

To ensure a solid infrastructure for Maine's economy, the Governor proposes a \$54 million bond package, which would allocate resources to

- Repair Maine's roads, bridges, highways and airports
- Upgrade sewer and water systems
- Improve State Parks
- Stimulate local recycling efforts

The Governor believes that this bond package will both revitalize our infrastructure and create thousands of construction-related jobs, providing a crucial boost for that sagging economic sector.

Continuing Support for the Maine Turnpike Widening.

A modern and well-maintained highway system is essential to our economy since Maine businesses depend on our highways for shipping their products to markets. In addition to the bond proposal, Governor McKernan will continue his strong support for modernizing the Maine Turnpike, the artery for our statewide transportation system.

D. Enhancing Job Retention and Creation.

Governor McKernan is proposing a \$7.5 million bond to stimulate job creation and retain existing jobs in Maine's Natural Resource and other industries. This funding will be available through low-interest rate loans and other financial incentives to companies which are seeking capital to modernize or expand operations.

E. Investing in Tourism Promotion.

The Governor's budget includes an additional \$500,000 in each year to match \$500,000 of industry spending and boost Maine's tourism promotion programs. A two billion dollar industry in Maine, tourism is second only to the forest products sector in its contribution to the Maine economy.

F. Reducing Health Insurance Costs for Small Businesses.

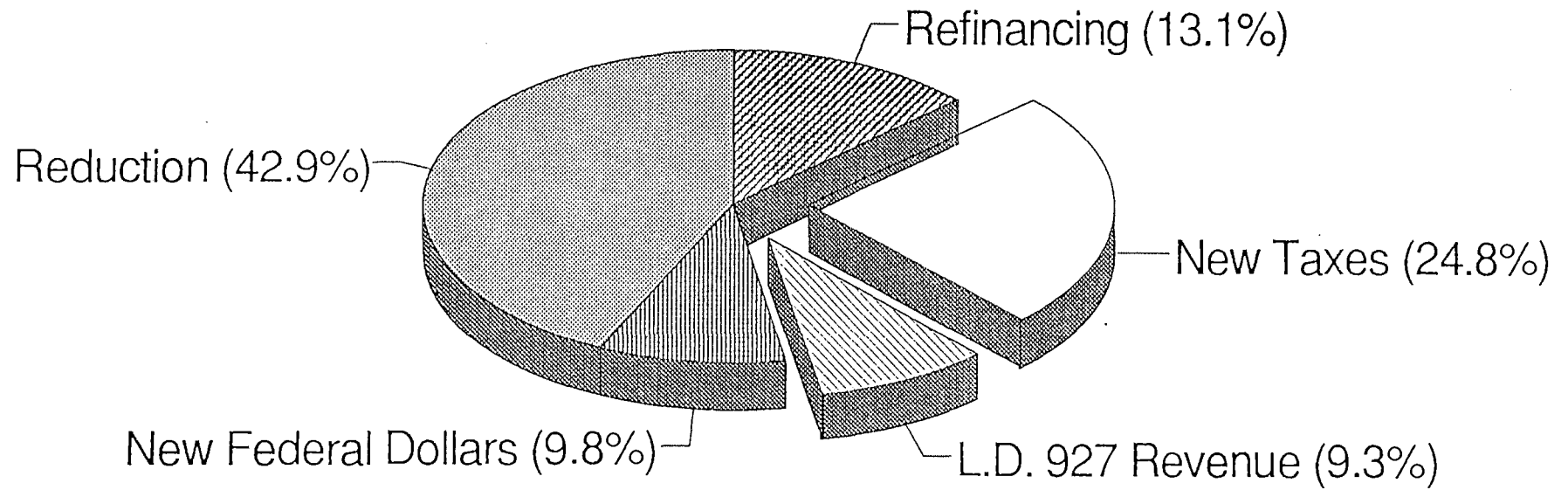
Governor McKernan believes the escalating cost of health insurance is a major burden for small employers. In order to maintain and expand access to health insurance for the employees of small businesses, the Governor proposes a more affordable health insurance policy for small businesses and employers with fewer than 20 employees.

Providing "Basic Care" for Maine Workers.

Governor McKernan proposes a "Basic Care" plan, including managed care, which would be exempt from mandated benefits, and provide coverage for certain preventive care services.

CLOSING THE BUDGET GAP

FY92-93 BIENNIUM



OVERALL ANALYSIS OF BUDGET PROPOSAL

	FY92	FY93	TOTAL
BUDGET REQUESTS	\$1,932.1	\$2,076.2	\$4,008.3
FY91 DEFERRALS		\$14.2	\$14.2
REVISED REVENUES (5/6)	\$1,370.8	\$1,449.4	\$2,820.2
SHORTFALL	\$561.3	\$641.0	\$1,202.3
REFINANCINGS			
RETIREMENT SYSTEM	\$73.5	\$60.0	\$133.5
G.O. DEBT	\$24.0		\$24.0
	\$97.5	\$60.0	\$157.5
	17.4%	9.4%	13.1%
NEW TAXES	\$138.4	\$160.0	\$298.4
	24.7%	25.0%	24.8%
PREVIOUS REVENUES			
REV. ENHANCEMENTS (LD 927)	\$78.2	\$72.6	\$150.8
ADJUSTMENTS TO LD 927	(\$3.8)	(\$3.3)	(\$7.1)
INV. TAX CREDIT	(\$9.2)	(\$12.7)	(\$21.9)
RR EXCISE TAX	(\$1.5)	\$0.5	(\$1.0)
REAL EST. TRANSFER TAX		(\$4.2)	(\$4.2)
UNORG. PROPERTY TAX	(\$4.9)	(\$0.5)	(\$5.4)
GOV'T. EFFIC. TAX CREDIT		\$1.0	\$1.0
	\$58.8	\$53.4	\$112.2
	10.5%	8.3%	9.3%
NEW FEDERAL DOLLARS	\$59.5	\$58.6	\$118.1
	10.6%	9.1%	9.8%
REDUCTIONS	\$207.1	\$309.0	\$516.1
	36.9%	48.2%	42.9%
Including Add-backs and Part II items in the following amts.:			
*Corrections	7.4	11.7	19.1
Human Services	33.9	29.2	63.1
Consent Decree	10.5	11.4	21.9
Higher Education	15.3	19.3	34.6
Judicial Dept.	2.7	1.7	4.4
Maine Health Program	9.3	9.4	18.7
Rainy Day Fund	2	4	6

MAJOR ADJUSTMENTS TO LD 927

1. Higher Education

Funding for the University of Maine System, the Technical College System, and Maine Maritime Academy at FY91 (prior to reductions) for both FY92 and FY93
Provision to payback deferred FY91 funding in full in FY93

2. Human Services

Reinstatement of approximately \$33.9 and \$29.2 million of proposed reductions in basic human services programs
Full funding for the Maine Health Program, including the components for children, adults, community facilities, and hospital shortfall
Restoration of \$500,000 per year for assistance for Maine's homeless

3. Mental Health and Mental Retardation

Full funding for the AMHI Consent Decree as well as comparable treatment for the Bangor Mental Health Institution and the Pineland Center

4. Corrections

Restoration of funding to keep all corrections facilities open and operational for the next two years

5. Judiciary

Maintain the Judicial branch of government at level funding at current FY91 funding level for both FY92 and FY93

6. Economic Development

Increase funding for tourism by \$500,000 per year to be matched by the State's tourism industry
Reinstatement of Investment Tax Credit

7. Retirement System

Application of retirement benefit changes to only those current state employees who have worked less than 10 years for the state and hence are not vested.

Increase in the deferral of unfunded liability in both FY92 and FY93

The retirement system deferral of \$13.5 million from FY91 is included in the total deferral to be repaid with interest over the next 27 years beginning in FY94 .

8. Miscellaneous

Repeal of unorganized property tax

Reinstatement of Railroad Excise Tax provision

Reversion of Real Estate Transfer Tax to the Maine State Housing Authority in full for FY93

Matching money for the National Estuary Program for Casco Bay



PROPOSED REVENUE SOURCES

	<u>1992</u>	<u>1993</u>	<u>TOTAL</u>
NEW REVENUES:			
Sales Tax - 6% (not incl. meals/lodging)	\$ 69.7	\$ 81.6	\$ 151.3
Meals/Lodging/Bar - 8%	26.5	30.9	57.4
Sales Tax - Amusements	6.2	9.1	15.3
Sales Tax - Basic Cable	2.5	3.0	5.5
Gas Tax - 4 cents/5 months	10.4	10.4	20.8
Corporate Income Tax - 10% Surtax	3.3	3.1	6.4
Income Tax (10% over \$75,000)	19.8	21.9	41.7
Subtotal	<u>\$ 138.4</u>	<u>\$ 160.0</u>	<u>\$ 298.4</u>
 LD 927 REVENUE ENHANCEMENTS			
Revenue Enhancements	\$ 78.2	\$ 72.6	\$ 150.8
Revised Estimates	(3.8)	(3.3)	(7.1)
Investment Tax Credit	(9.2)	(12.7)	(21.9)
Railroad Excise Tax	(1.5)	0.5	(1.0)
Real Estate Transfer Tax	-	(4.2)	(4.2)
Unorganized Property Tax	(4.9)	(0.5)	(5.4)
Gov't Efficiency Tax Credit	-	1.0	1.0
Subtotal	<u>\$ 58.8</u>	<u>\$ 53.4</u>	<u>\$ 112.2</u>
TOTAL	<u>\$ 197.2</u>	<u>\$ 213.4</u>	<u>\$ 410.6</u>