

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
108TH LEGISLATURE
FIRST SPECIAL SESSION

(Filing No. H-1263)

COMMITTEE AMENDMENT "A" to H.P. 2345, L.D. 2212, RESOLUTION,
Proposing an Amendment to the Constitution to Limit the Amount
of Revenues which may be Raised by Taxes in any Fiscal Year.

Amend the Resolution by striking out all of the title and
inserting in its place the following: 'RESOLUTION, Proposing
an Amendment to the Constitution to Limit the Amount of Government
Spending which may be Made without Voter Approval.'

Further amend the Resolution by striking out everything
after the first paragraph and inserting in its place the
following:

'Constitution, Art. 1, §22, sub-§§ 1 to 10 are enacted to
read:

1. Limitation of expenditures. Commencing with the first
fiscal year after June 30, 1979, the total appropriations of a
unit of government shall not exceed such appropriations for the
prior fiscal year by a greater percentage than the lesser of:
The percentage change in the cost of living or Maine personal
income, as established by recognized indices selected by the
Legislature, in such a manner that such indices are available
prior to legislative action. Any amount appropriated above
this limitation shall not be effective until ratified by the
electors of such unit in accordance with law, except for, in the
case of the State, funds needed in a declared emergency.
Emergency appropriations may be made only for the fiscal year
for which the emergency is declared and shall be excluded from
future calculations of total appropriations.

2. Declaration of emergency. The appropriations limit of subsection 1 may be exceeded if all the following conditions are met:

A. The Governor requests the Legislature to declare an emergency;

B. The request is specific as to the nature of the emergency and the amount of funding required to meet the emergency. This request shall also state the Governor's recommended method of funding the emergency; and

C. The Legislature declares such an emergency by a two-thirds vote of each branch, prior to incurring any of the expenses connected with the emergency.

3. Use of excess revenues. Revenues in excess of the spending limit of that year may be used for the reduction of real property taxes or other taxes, for reduction of tax rates or for retirement of bonded indebtedness. Amounts collected in excess of appropriations, but less than the limitation determined in accordance with subsection 1, may be appropriated as a reserve and used for whatever purposes the governing body may determine.

4. Protection of local government from state required costs. The Legislature and Executive Department of the State are prohibited from requiring that nonstate levels of government finance from property taxation any new or expanded programs or services or from shifting the cost of existing programs and services to nonstate levels of government as a group, except such shifts as are governed by statutes in effect on January 1, 1979.

5. Exclusions. The following expenditures shall be exempt from the limitations established in subsection 1:

A. Expenditures from federal revenues;

B. Expenditures for debt service payments or for retirement of bonded indebtedness;

C. Expenditures from state dedicated revenue accounts in effect on January 1, 1979 or expenditures of the proceeds of state levied taxes on owners of products or resources used to promote or protect such products and resources;

D. Expenditures of revenues from use charges;

E. Expenditures made by the State to reimburse the organized municipalities for revenue lost as a result of the implementation of Article IX, Section 8, subsection 1; and

F. Allocations of revenue received pursuant to Article IX, Section 19.

6. Transfer of any program or service. Adjustment of appropriations under subsection 1 shall be made for the transfer of any program or service or part thereof from one level of government to another, provided there is a corresponding downward and upward adjustment in appropriations in the surrendering and receiving level of government.

7. Annual appropriation made to a county. The annual appropriation made to a county shall be considered an appropriation of the county for the purpose of subsection 1 and shall not be considered an appropriation of any other unit of government.

8. Unit of government. "Unit of government" is the State of Maine, any county, any city, town, plantation or any school district.

9. Standing. The Legislature may by statute determine the minimum requirements for standing to bring an action in courts of this State to enforce subsections 1 to 8.

10. Local control option. Any municipality may, by referendum called in accordance with law, with the approval of a majority of the voting electors, be exempt from the limitation in subsection 1 for one period or more, not to exceed three fiscal years at any one time.

Constitution, Art. IX, §19, sub-§1, is enacted to read:

1. Control of allocations. The services provided by revenues received subject to this section shall constitute a separate unit of government and the annual allocations made under this subsection shall, commencing with the fiscal year starting July 1, 1979, be subject to the provisions of Article 1, Section 22, subsections 1, 2, 3 and 4; subsection 5, paragraphs A and B and subsection 6. For the purposes of this subsection, wherever in Article 1, Section 22, the word "appropriations" appears, it shall mean "allocations."

Constitutional referendum procedure; form of question; effective date. Resolved: That the city aldermen, town selectmen and plantation assessors of this State shall notify the inhabitants of their respective cities, towns and plantations to

meet, in the manner prescribed by law for holding a statewide election, at the next general election in the month of November or special statewide election on the Tuesday following the first Monday of November following the passage of this resolution, to vote upon the ratification of the amendment proposed in this resolution by voting upon the following question:

"Shall the Constitution be amended, as proposed by the first special session of the 108th Legislature, to limit the amount of government spending which may be made without voter approval?"

The legal voters of each city, town and plantation shall vote by ballot on this question, and shall designate their choice by a cross or check mark placed within the corresponding square below the words "Yes" or "No." The ballots shall be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns, and, if it appears that a majority of the legal votes are in favor of the amendment, the Governor shall proclaim that fact without delay and the amendment shall become part of the Constitution on July 1, 1979 and shall remain in effect only if reratified by the voters at the general election in 1982.

Secretary of State shall prepare ballots. Resolved: That the Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this resolution necessary to carry out the purpose of this referendum.'

Statement of Fact

The purpose of this amendment is to provide a state constitutional limitation on expenditures at all levels of government.

Filed by Five Members of the Committee on Appropriations and Finance Affairs

Reproduced and distributed under the direction of the Clerk of the House

(9/14/78)

(Filing No. H-1263)