

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 483

H. P. 363

House of Representatives, February 9, 1979

Referred to the Committee on Audit and Program Review. Sent up for concurrence and 1,800 ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Hobbins of Saco.

Cosponsors: Mr. Wyman of Pittsfield, Mr. Davies of Orono and Mrs. Kany of Waterville.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

**AN ACT to Facilitate the Setting of State Financial and Revenue Policy by the
Legislature.**

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

3 MRSA c. 27 is enacted to read:

CHAPTER 27

SETTING OF STATE FINANCIAL POLICIES

§ 601. Committee established

There shall be a joint select committee of the Legislature which shall be known as the Legislative Budget Committee, hereafter called the "committee." The committee shall consist of 23 members, who shall be: The President of the Senate; the Majority Leader of the Senate; the Minority Leader of the Senate, who shall be the leader of the party holding the 2nd largest number of seats in the Senate after the majority party; the Speaker of the House of Representatives; the Majority Leader of the House of Representatives; the Minority Leader of the House of Representatives, who shall be the leader of the party holding the 2nd largest number of seats in the House of Representatives after the majority party;

the Senate and House Chairmen of the Joint Standing Committee on Appropriations and Financial Affairs; one member of the Senate serving on the Joint Standing Committee on Appropriations and Financial Affairs, who shall be of the opposite political party from the Senate Chairman of the Joint Standing Committee on Appropriations and Financial Affairs; one member of the House of Representatives serving on the Joint Standing Committee on Appropriations and Financial Affairs, who shall be of the opposite political party from the House Chairman on the Joint Standing Committee on Appropriations and Financial Affairs; the Senate and House Chairmen of the Joint Standing Committee on Taxation; one member of the Senate serving on the Joint Standing Committee on Taxation, who shall not be of the same political party as the Senate Chairman of the Joint Standing Committee on Taxation; one member of the House of Representatives serving on the Joint Standing Committee on Taxation, who shall not be of the same political party as the House Chairman of the Joint Standing Committee on Taxation; and 6 members of the House of Representatives and 3 members of the Senate to be apportioned by political party to reflect as nearly as possible the number of members of each political party in the House of Representatives and Senate respectively. The Speaker of the House of Representatives and the President of the Senate shall determine, upon recommendation by the Secretary of State, the exact number of members of each party who shall be chosen by caucus to sit on this committee. The President of the Senate, the Speaker of the House of Representatives and the Majority and Minority Leaders shall be members of the committee by virtue of their offices.

§ 602. Legislative purpose

The purpose of the Legislative Budget Committee shall be to provide a suitable vehicle for the Legislature to more deeply involve itself in the state budget process and to formulate budgetary and taxation policy for consideration by the Legislature. The state budget process includes review of the budgetary needs of the departments and agencies of State Government and the formation of funding priorities which equate those funding needs to state revenues.

§ 603. Duties

On or before March 1st of each regular session of the Legislature, the committee shall present to the Legislature an order establishing the level of total state expenditures for the next fiscal year. In addition, the committee shall present to the Legislature an additional order which shall determine, by percentage, the total of state expenditures to be allocated to each of the following budget areas:

1. General government. General government;
2. Economic development. Economic development;
3. Educational and cultural services. Educational and cultural services;

4. **University of Maine.** The University of Maine;
5. **Human services.** Human services;
6. **Mental health and corrections.** Mental health and corrections;
7. **Manpower.** Manpower;
8. **Natural resources.** Natural resources;
9. **Inland fisheries and wildlife.** Inland fisheries and wildlife;
10. **Public protection.** Public protection; and
11. **Transportation.** Transportation.

Within 14 days after the submission of the first 2 orders to the Legislature, the committee shall submit to the Legislature a final order establishing the amount in dollars to be raised from each major source of revenue. A major source of revenue is a source of revenue which, during the previous fiscal year, yielded one million or more dollars to the State. Federal funds and proceeds from long-term borrowing, including self-liquidating bonds, are to be considered revenues.

§ 604. Legislative process

Orders presented to the Legislature from the committee may be altered or amended by the Legislature, but shall be passed or finally rejected within 20 legislative days after they are reported out of the committee. No revenue or appropriations measures shall be enacted by the Legislature subsequent to the adoption of these orders except in accordance with the budgetary levels and allocations established by these orders.

The orders of the Legislative Budget Committee may be amended by the Legislature at any time after their initial passage.

§ 605. Legislative Budget Committee task forces

1. **Establishment authorized.** The Legislative Budget Committee is authorized to establish special task forces for the purpose of studying the operations, performance and viability of the various departments, agencies and programs funded in whole or in part by the Legislature. The committee shall use these task forces to provide the Legislature with a factual basis for establishing fiscal priorities, eliminating unnecessary activities, personnel and equipment and increasing the economic efficiency of State Government in general. In addition, these task forces may be used to investigate state tax policy. This investigation may include the efficacy of various methods of raising revenue, the equitableness of these various methods, the effects of current and proposed tax policy and the environmental economic and social impacts on the lives of Maine citizens.

2. **Membership.** Any task force created by the committee may have as many members as the committee deems necessary for the performance of its duties, but there shall always be at least one member of the Legislative Budget

Committee, one member of the Joint Standing Committee on Appropriations and Financial Affairs and one member of the joint standing committee of the Legislature having expertise in the subject area to be dealt with by the task force.

STATEMENT OF FACT

This bill proposes to establish a legislative mechanism for dealing with the increasingly complex and pressing budgetary problems of this State. It establishes a Legislative Budget Committee which will deeply involve itself in the state budget process and will formulate and recommend budgetary and revenue policy for consideration by the entire Legislature.

The process which the committee goes through is basically as follows:

First, it recommends to the Legislature a total level of state expenditures for the following fiscal year;

Second, it recommends to the Legislature a percentage level of total state expenditures for each of 11 major expenditure areas; and

Finally, it recommends to the Legislature the amount in dollars which must be raised from each major source of state revenue in order to fund recommended expenditures. "Revenue" includes state taxes, federal funds, and proceeds resulting from long-term borrowing. These recommendations, if adopted by legislative order, provide a useable framework for the Legislature to debate and establish needed state expenditure and tax levies.

Therefore, in order to establish a financial policy for the State, the committee and the Legislature must have an accurate picture of the facts and questions which surround state finances and revenues. The committee, through task forces, will conduct a broad ranging and complete examination of the effectiveness of current state expenditures, the need for proposed state expenditures and the efficiency and justice of state revenue policy.

The basic process provided by this bill will give the Legislature the mechanism it needs to set and evaluate state financial and revenue policy.