

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1992

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Legislative Document

No. 2202

H.P. 1564

House of Representatives, January 23, 1992

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26. Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative CASHMAN of Old Town.

Cosponsored by Speaker MARTIN of Eagle Lake, President PRAY of Penobscot and Senator CAHILL of Sagadahoc.

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STATE OF MAINE

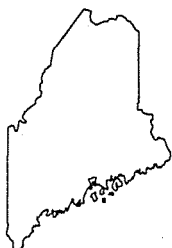
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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY-TWO

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**An Act to Create the Maine Budget and Economic Stabilization Fund.**

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

4 Sec. 1. 5 MRSA §1507, as amended by PL 1991, c. 591, Pt. E,  
§6, is repealed.

6 Sec. 2. 5 MRSA §1513, as amended by PL 1991, c. 591, Pt. UU,  
§1 and affected by §3, is repealed.

8 Sec. 3. 5 MRSA c. 142 is enacted to read:

10 CHAPTER 142

12 MAINE BUDGET AND ECONOMIC STABILIZATION FUND

14 §1521. Maine Budget and Economic Stabilization Fund

16 The Maine Budget and Economic Stabilization Fund, referred  
18 to in this chapter as the "Stabilization Fund," is created to  
20 assist in stabilizing state General Fund revenue and employment  
22 during periods of dislocation, economic recession and high  
unemployment.

24 §1522. Deficit defined

26 For purposes of this chapter, unless the context otherwise  
28 indicates, "deficit" means the amount by which General Fund  
appropriations exceed budgeted General Fund revenues in a given  
fiscal year.

30 §1523. Transfer from General Fund to Stabilization Fund  
32 triggered by real personal income

34 When the annual growth rate in Maine real personal income,  
36 as adjusted by the Gross National Product Implicit Price Deflator  
38 for Personal Consumption Expenditures, is more than 2.0% as  
40 determined by the state economist, the percentage in excess of  
2.0% must be multiplied by the total state General Fund estimated  
revenue for the given fiscal year to determine the amount to  
transfer from the General Fund to the Stabilization Fund.

42 §1524. Transfers from Stabilization Fund to General Fund  
triggered by real personal income

44 When the annual growth rate of Maine real personal income  
46 for the preceding calendar year is less than 0%, as determined at  
48 the beginning of each fiscal year by the State Controller, the  
50 percentage deficit under 0% must be multiplied by the total state  
General Fund revenue for the preceding fiscal year to determine  
the eligible amount to transfer from the Stabilization Fund to  
the General Fund for the current fiscal year. When this formula

2 results in an amount larger than is necessary to offset the  
3 deficit, the excess remains in the Stabilization Fund.

4 **§1525. Allocation from Stabilization Fund triggered by**  
5 **unemployment rate**

6  
7 In the most recent calendar year quarter following a  
8 calendar year quarter in which the seasonally adjusted state  
9 unemployment rate as certified by the Executive Director of the  
10 Bureau of Employment Security is 6.6% or more, an amount may be  
11 allocated from the Stabilization Fund by the Legislature for the  
12 purposes listed in section 1529 in accordance with the following  
13 formulas.

14  
15 1. Unemployment rate between 6.6% and 8.6%. When the  
16 adjusted state unemployment rate is between 6.6% and 8.6%, 2.5%  
17 of the Stabilization Fund may be allocated for economic  
18 adjustment activities or programs. The balance on the first day  
19 of the fiscal year quarter in which the allocation is made is  
20 used to determine the amount allocated.

21  
22 2. Unemployment rate between 8.6% and 10.3%. When the  
23 adjusted state unemployment rate is between 8.6% and 10.3%, 5.0%  
24 of the Stabilization Fund may be allocated for economic  
25 adjustment activities or programs. The balance on the first day  
26 of the fiscal year quarter in which the allocation is made is  
27 used to determine the amount allocated.

28  
29 3. Unemployment rate greater than 10.4%. When the adjusted  
30 state unemployment rate is 10.4% or higher, the Legislature may  
31 allocate up to 25.0% of the Stabilization Fund for economic  
32 adjustment activities or programs. The balance on the first day  
33 of the fiscal year quarter in which the allocation is made is  
34 used to determine the amount allocated.

35  
36 **§1526. Vote necessary for allocation**

37  
38 Allocations from the Stabilization Fund may only be made  
39 with a vote of at least 2/3 of the members of each house of the  
40 Legislature.

41  
42 **§1527. Inclusion of transfers in budget**

43  
44 1. State budget document. The state budget document  
45 prepared in accordance with section 1664 must contain a transfer  
46 to or a transfer from the Stabilization Fund triggered by real  
47 personal income in accordance with sections 1523 and 1524 for the  
48 first fiscal year and an estimate for a transfer to or from the  
49 Stabilization Fund for the 2nd fiscal year.

50

2           2. Total General Fund transfers. Total General Fund  
transfers authorized by the Legislature in a given fiscal year  
4           must include a transfer to or from the Stabilization Fund  
triggered by real personal income in accordance with sections  
6           1523 and 1524 for the first fiscal year and an estimate for a  
transfer to or from the Stabilization Fund for the 2nd fiscal  
year.

8  
10           3. Adjustments. The transfer to or from the Stabilization  
Fund in the 2nd year of the biennium may be adjusted based on  
12           revisions in Maine real personal income and the Maine seasonally  
adjusted unemployment rate for the fiscal year for which the  
14           adjustment is made. The adjustment, if made, must be directly  
proportional to the revision.

16           §1528. Emergency allocations from Stabilization Fund

18           1. Conditions for emergency allocation. The Legislature,  
by a vote of 2/3 of the members of each house, may make an  
20           emergency allocation from the Stabilization Fund for the current  
fiscal year if:

22           A. The maximum transfer triggered by real personal income  
24           in accordance with section 1524 has been made for that  
fiscal year; and

26           B. The maximum allocation triggered by the unemployment  
28           rate in accordance with section 1525 has been made for that  
fiscal year.

30           §1529. Uses of Stabilization Fund

32           1. Balance budget. Except as provided in subsection 4, in  
34           years in which a transfer to the Stabilization Fund is triggered  
by real personal income in accordance with section 1523, if there  
36           exists a deficit in that fiscal year, an amount not to exceed the  
amount transferred into the Stabilization Fund for that fiscal  
38           year may be allocated from the Stabilization Fund to offset the  
deficit.

40           2. Certain specific uses. Amounts allocated from the  
42           Stabilization Fund may be used:

44           A. To provide for public works and public service  
employment;

46           B. For any unusual and unforeseen needs that may arise for  
48           training programs and their administration in the operation  
of the technical colleges;

2           C. To provide training, education and other assistance to  
4           persons affected by unusual or unforeseen circumstances and  
6           currently receiving unemployment compensation, aid to  
            families with dependent children or other aid or services  
            from state or local human service or welfare programs; and

8           D. To provide state assistance to new or expanding  
10           industries for any unusual, unforeseen or extraordinary  
            needs.

12           4. Limitations. The Stabilization Fund may not be used to  
14           offset a deficit for any given fiscal year due to the following  
            activities:

16           A. A statutory change in the tax rates structure or  
18           taxation sources; changes in tax rates, mill rates or other  
20           formulas; changes in federal, state or local revenue sharing  
            formulas; or changes in the Maine tax laws for federal tax  
            compatibility;

22           B. Changes in or addition of regulatory agencies or  
24           programs or changes in current regulatory fee structures,  
            programs and bases;

26           C. The creation of new state government departments,  
28           bureaus, agencies or other governmental or  
            quasi-governmental entities; or

30           D. The underfunding of agencies, programs or any other  
32           state or local government activity supported by the General  
            Fund.

34           §1530. Cash management

36           Funds in the Stabilization Fund may be combined by the  
38           Treasurer of State with other amounts in the State Treasury for  
40           the purposes of cash management. The earnings from investment of  
            the Stabilization Fund accrue to the Stabilization Fund. The  
            Stabilization Fund must be accounted for separately from other  
            funds of the State.

42           §1531. Balance of fund

44           The balance of the Stabilization Fund may not exceed 25% of  
46           the total General Fund revenue received in the immediately  
48           preceding fiscal year and may not lapse but must remain in a  
            continuing carrying account to carry out the purposes of this  
            chapter.

