

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

No. 1167

S.P. 386

In Senate, April 5, 1993

An Act Creating the Maine Budget and Economic Stabilization Fund.

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator CAHILL of Sagadahoc.
Cosponsored by Senator: FOSTER of Hancock, Representative: CARROLL of Gray.

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

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§1 and affected by §3, is repealed.

6 Sec. 2. 5 MRSA c. 142 is enacted to read:

8 CHAPTER 142

10 MAINE BUDGET AND ECONOMIC STABILIZATION FUND

12 §1521. Maine Budget and Economic Stabilization Fund

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

20 §1522. Deficit defined

22 For purposes of this chapter, unless the context otherwise
24 indicates, "deficit" means the amount by which General Fund
appropriations exceed budgeted General Fund revenues and other
available resources in a given fiscal year.

26 §1523. Transfer from General Fund to stabilization fund
28 triggered by real personal income

30 When the annual growth rate of real personal income in the
32 State as adjusted by the Gross National Product Implicit Price
34 Deflator for Personal Consumption Expenditures is more than 2% as
determined by the state economist, the percentage in excess of 2%
must be multiplied by the total state General Fund estimated
36 revenue for the given fiscal year to determine the amount to
transfer from the General Fund to the stabilization fund.

38 §1524. Transfers from stabilization fund to General Fund
40 triggered by real personal income

42 When the annual growth rate of real personal income in the
44 State for the preceding calendar year is less than 0% as
determined at the beginning of each fiscal year by the State
Controller, the percentage deficit under 0% must be multiplied by
46 the total state General Fund revenue for the preceding fiscal
year to determine the amount to transfer from the stabilization
48 fund to the General Fund for the current fiscal year. When this
formula results in an amount larger than necessary to offset the
deficit, the excess remains in the stabilization fund.

50

2 **§1525. Allocation from stabilization fund triggered by**
3 **unemployment rate**

4 In the most recent calendar year quarter following a
5 calendar year quarter in which the seasonally adjusted state
6 unemployment rate certified by the Executive Director of the
7 Bureau of Employment Security is 6.6% or more, an amount may be
8 allocated from the stabilization fund by the Legislature for the
9 purposes listed in section 1529 according to the following
10 formulas.

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

17 2. Unemployment rate between 8.6% and 10.3%. When the
18 adjusted state unemployment rate is between 8.6% and 10.3%, 5%
19 of the stabilization fund may be allocated for economic adjustment
20 activities or programs. The balance on the first day of the
21 fiscal year quarter in which the allocation is made is used to
22 determine the amount allocated.

23 3. Unemployment rate greater than 10.4%. When the adjusted
24 state unemployment rate is 10.4% or higher, the Legislature may
25 allocate up to 25% of the stabilization fund for economic
26 adjustment activities or programs. The balance on the first day
27 of the fiscal year quarter in which the allocation is made is
28 used to determine the amount allocated.

29 **§1526. Vote necessary for allocation**

30 Allocations from the stabilization fund may be made only
31 with a vote of at least 2/3 of the members of each house of the
32 Legislature.

33 **§1527. Inclusion of transfers in budget**

34 1. State budget document. The state budget document
35 prepared in accordance with section 1664 must contain a transfer
36 to or a transfer from the stabilization fund triggered by real
37 personal income in accordance with sections 1523 and 1524 for the
38 first fiscal year and an estimate for a transfer to or from the
39 stabilization fund for the 2nd fiscal year.

40 2. Total General Fund transfers. Total General Fund
41 transfers authorized by the Legislature in a given fiscal year
42 must include a transfer to or from the stabilization fund
43 for the first fiscal year.

2 triggered by real personal income in accordance with sections
4 1523 and 1524 for the first fiscal year and an estimate for a
6 transfer to or from the stabilization fund for the 2nd fiscal
8 year.

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

22 **§1528. Emergency allocations from stabilization fund**

24 1. Conditions for emergency allocation. The Legislature,
26 by a vote of 2/3 of the members of each house, may make an
28 emergency allocation from the stabilization fund for the current
30 fiscal year when:

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

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

44 **§1529. Uses of stabilization fund**

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

2. Certain specific uses. Amounts allocated from the
stabilization fund may be used:

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

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

C. To provide training, education and other assistance to
persons affected by unusual or unforeseen circumstances and
currently receiving unemployment compensation, aid to

2 families with dependent children or other aid or services
3 from state or local human service or welfare programs; and

4 D. To provide state assistance to new or expanding
5 industries for unusual, unforeseen or extraordinary needs.

6
7 4. Limitations. The stabilization fund may not be used to
8 offset a deficit for a given fiscal year when that deficit is due
9 to the following activities:

10 A. A statutory change in the tax rates structure or
11 taxation sources; changes in tax rates, mill rates or other
12 formulas; changes in federal, state or local revenue sharing
13 formulas; or changes in the state tax laws for federal tax
14 compatibility;

15 B. Changes in or addition of regulatory agencies or
16 programs or changes in current regulatory fee structures,
17 programs and bases;

18 C. The creation of new state government departments,
19 bureaus, agencies or other governmental or
20 quasi-governmental entities; or

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

24
25 **§1530. Cash management**

26 Funds in the stabilization fund may be combined by the
27 Treasurer of State with other amounts in the State Treasury for
28 the purposes of cash management but must be accounted for
29 separately from other funds of the State. The earnings from
30 investment of the stabilization fund accrue to that fund.

31 **§1531. Balance of fund**

32 The balance of the stabilization fund may not exceed 25% of
33 the total General Fund revenue received in the immediately
34 preceding fiscal year and may not lapse but must remain in a
35 continuing carrying account to carry out the purposes of this
36 chapter.

37 A transfer is not necessary if the General Fund revenue
38 received in the immediately preceding fiscal year is less than
39 the total General Fund revenue received in the fiscal year 2
40 years previous or if the stabilization fund is at its 25% limit.

