

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1995

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Legislative Document

No. 322

S.P. 136

In Senate, January 31, 1995

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**An Act to Require the Governor's Biennial Budget to Include More Information.**

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

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS  
Secretary of the Senate

Presented by Senator MICHAUD of Penobscot.  
Cosponsored by Representatives: POULIOT of Lewiston, TOWNSEND of Portland.

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

2  
4       **Sec. 1. 5 MRSA §1666**, as amended by PL 1993, c. 707, Pt. R,  
§1, is further amended by adding at the end a new paragraph to  
read:

6  
8       A biennial budget bill transmitted by the Governor or  
Governor-elect must include a part that asks the Legislature  
10 whether it wishes to continue funding each individual tax  
expenditure, as defined in section 1664, provided in the  
12 statutes. The part must include for each tax expenditure a  
14 statutory section reference, a brief description of each tax  
expenditure and the loss of revenue estimated to be incurred by  
16 funding source and fiscal year. This paragraph applies with  
respect to the preparation of the budget document and biennial  
budget bills for fiscal biennium 1998-99 and thereafter.

18       **Sec. 2. 30-A MRSA §5681, sub-§§3 and 4**, as amended by PL 1989,  
c. 104, Pt. C, §§8 and 10, are further amended to read:

20       **3. Local Government Program.** To strengthen the  
22 state-municipal fiscal relationship pursuant to the findings and  
objectives of subsection 1, there is established the Local  
24 Government Fund Program.

26       **4. Sharing the Local Government Program.** Money credited  
28 appropriated to the Local Government Fund shall Program must be  
distributed on the basis of a formula which that provides a  
30 varying amount of per capita revenue sharing aid to communities  
based upon the comparative tax burden of each municipality.  
32 Those municipalities having a greater property tax burden would  
receive a larger per capita revenue-sharing distribution.

34 The portion of the Local Government Fund Program to be  
36 distributed to each municipality shall must be in proportion to  
the product of the population of the municipality multiplied by  
38 the property tax burden of the municipality.

40       **Sec. 3. 30-A MRSA §5681, sub-§5**, as amended by PL 1991, c.  
780, Pt. Q, §1, is further amended to read:

42       **5. General Fund appropriation.** An The State Budget Officer  
44 shall identify an amount equal to 5.1% of the budgeted receipts  
from the taxes imposed under Title 36, Parts 3 and 8, --and  
46 credited to the General Fund must be transferred by the Treasurer  
of State to the Local Government Fund on the first day of each  
48 month beginning August 1, 1992 for inclusion in any biennial  
budget bill proposed under Title 5, section 1666.

2 The Treasurer of State shall distribute ~~the balance--in funds~~  
3 appropriated to the Local Government Fund Program on the 20th day  
4 of each month based upon a work program and allotment prepared  
5 and approved in accordance with Title 5, section 1667.

6

### 8 STATEMENT OF FACT

8

10 Current statutory provisions require the Governor to show  
11 the estimated loss of revenue resulting from tax expenditures for  
12 each fiscal year of the upcoming biennium in the budget document  
13 only. There is no requirement for the Legislature to take any  
14 further action. Similarly, municipal revenue sharing is netted  
15 from income and sales and use tax revenues and does not appear as  
16 a budgeted General Fund item.

16

18 This bill requires the Governor to include a part in the  
19 biennial budget bill submitted to each first regular session that  
20 requires the Legislature to vote to continue those tax  
21 expenditures.

22

24 This bill also changes the name of the Local Government Fund  
25 to the Local Government Program and changes municipal revenue  
26 sharing by keeping the estimated revenue currently dedicated to  
the Local Government Fund in the General Fund and appropriating  
the 5.1% of income and sales tax revenue to the Local Government  
Program.