

# MAINE STATE LEGISLATURE

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L.D. 370

DATE: 6/6/95

(Filing No. H- 380 )

**APPROPRIATIONS AND FINANCIAL AFFAIRS**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
117TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 268, L.D. 370, Bill, "An Act to Strengthen the General Fund's Unappropriated Surplus"

Amend the bill in section 3 by striking out all of that part designated "§1511." and inserting in its place the following:

**'§1511. Reserve for General Fund operating capital**

The State Controller may, at the close of each fiscal year, transfer from the Unappropriated Surplus of the General Fund to the Reserve for General Fund Operating Capital such amounts as may be available from time to time up to an amount of \$1,000,000 a year, ~~except for fiscal year 1993-94 when an amount up to \$2,500,000 may be transferred,~~ until a maximum of \$25,000,000 \$50,000,000 is achieved. The State Controller is further authorized, at the close of each fiscal year, to transfer from the Unappropriated Surplus of the General Fund to the Loan Insurance Reserve amounts as may be available from time to time, up to an amount of \$1,000,000 per year. The balance of this reserve must be paid to the Finance Authority of Maine if such payment does not cause the balance in the reserve fund maintained by the authority, when added to amounts held in the Finance Authority of Maine Mortgage Insurance Fund that are not committed or encumbered for another purpose, to exceed \$10,000,000 \$20,000,000. Any balance in the Loan Insurance Reserve is appropriated for this purpose. ~~The State Controller on or before June 30, 1993 must transfer the balance in the Reserve for General Fund Operating Capital to the unappropriated surplus of the General Fund.~~

**COMMITTEE AMENDMENT**

248

COMMITTEE AMENDMENT "A" to H.P. 268, L.D. 370

Further amend the bill by inserting after section 3 the following:

Sec. 4. 5 MRSA §1517 is enacted to read:

§1517. Transfer to Retirement Allowance Fund

At the close of each fiscal year, the State Controller shall transfer from the unappropriated surplus of the General Fund to the Retirement Allowance Fund established in section 17251 an amount equal to 1/2 of the balance remaining after all other required transfers from the excess of total General Fund revenues received over accepted estimates in that fiscal year and all required deductions of appropriations, financial commitments, designated funds, transfers from the unappropriated surplus of the General Fund or transfers from the available balance remaining in the General Fund have been made.

General Fund revenue estimates may be made once during the First Regular Session of the Legislature and adjustments to these accepted revenue estimates may be made once during the Second Regular Session of the Legislature without mandatory transfer of funds to the Retirement Allowance Fund. If adjustments are made to those initial estimates presented to each regular session of the Legislature, an amount not to exceed 1/2 of the excess of the estimated revenue over the amounts required by law to be set aside for other purposes must be appropriated to the Retirement Allowance Fund.'

Further amend the bill by inserting after section 12 the following:

Sec. 13. 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:

A biennial budget bill transmitted by the Governor or Governor-elect must include a part that asks the Legislature whether it wishes to continue funding each individual tax expenditure, as defined in section 1664, provided in the statutes. The part must include for each tax expenditure a statutory section reference, a brief description of each tax expenditure and the loss of revenue estimated to be incurred by funding source and fiscal year. This paragraph applies with respect to the preparation of the budget document and biennial budget bills for the 1998-1999 biennium and thereafter.

Sec. 14. 5 MRSA §17253, sub-§3 is enacted to read:

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2 3. Components of unfunded liability contribution. The  
3 annual valuation report prepared by the actuary in accordance  
4 with section 17107 must include identification of the impact on  
5 the employer contribution rate of any excess General Fund  
6 revenues transferred to the Retirement Allowance Fund pursuant to  
7 section 1517.'

8 Further amend the bill in section 13, in subsection 3, in  
9 the 2nd blocked paragraph, in the 7th line (page 5, line 11 in  
10 L.D.) by striking out the following: "equal to" and inserting in  
11 its place the following: '~~equal to~~ not to exceed'

12 Further amend the bill by inserting after section 14 the  
13 following:

14 '**Sec. 15. Effective date.** Those sections of this Act that repeal  
15 or enact paragraphs of the Maine Revised Statutes, Title 5,  
16 section 1507 take effect July 1, 1997.'

17 Further amend the bill in the emergency clause in the last  
18 line (page 5, line 33 in L.D.) by striking out the following:  
19 "approved." and inserting in its place the following: 'approved,  
20 except as otherwise indicated.'

21 Further amend the bill by relettering or renumbering any  
22 nonconsecutive Part letter or section number to read  
23 consecutively.

24 Further amend the bill by inserting at the end before the  
25 statement of fact the following:

32 **FISCAL NOTE**

33 Eliminating the authority to transfer estimated year-end  
34 balances to the Property Tax Relief Fund and total quality  
35 management efforts will increase the General Fund unappropriated  
36 surplus at the end of each fiscal year. An effective date of  
37 July 1, 1997 would make the same change to the State Contingent  
38 Account starting in fiscal year 1997-98, further strengthening  
39 the General Fund unappropriated surplus starting in that fiscal  
40 year.

41 Requiring the Governor to include additional information on  
42 tax expenditure in the biennial budget bills will result in minor  
43 additional costs that can be absorbed by the Department of  
44 Administrative and Financial Services.

45 Funds transferred to the Retirement Allowance Fund from the  
46 unappropriated surplus of the General Fund will reduce that

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COMMITTEE AMENDMENT "A" to H.P. 268, L.D. 370

2 portion of future employer contribution rates attributable to  
amortizing the unfunded liability for state employees and  
4 teachers and will result in savings to all state funds.'

6 STATEMENT OF FACT

8 This amendment makes the following changes to the original  
bill:

10 1. It increases the limit for the Reserve for General Fund  
12 Operating Capital from \$25,000,000 to \$50,000,000;

14 2. It increases the limit from the Loan Insurance Reserve  
16 Program at the Finance Authority of Maine from \$10,000,000 to  
\$20,000,000;

18 3. It creates a mechanism to help reduce the unfunded  
20 liability of the Maine State Retirement System. If there are any  
excess General Fund revenues in a fiscal year, the Retirement  
22 Allowance Fund would receive 50% of the amount remaining after  
all other required transfers are made;

24 4. It requires the Governor to include a part in the  
26 biennial budget bill submitted to each First Regular Session of  
the Legislature, starting in 1997, that requires the Legislature  
to vote to continue those tax expenditures;

28 5. It requires the Maine State Retirement System actuary to  
30 calculate the impact each transfer from unappropriated surplus  
has on the employer contribution rate;

32 6. It eliminates the authority of the State Controller to  
34 transfer General Fund unappropriated surplus to the State  
Contingent Account, effective in fiscal year 1997-98. The  
36 Governor could request a General Fund appropriation for those  
purposes in the next session of the Legislature; and

38 7. It conforms transfers to the Property Tax Relief Fund  
40 and Retirement Allowance Fund resulting from positive revenue  
reprojections to the same standard currently in statute for the  
42 Maine Rainy Day Fund.

44 8. It adds a fiscal note to the bill.