

MAINE STATE LEGISLATURE

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DATE: May 23, 1995

(Filing No. S- 172)

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**STATE OF MAINE
SENATE
117TH LEGISLATURE
FIRST REGULAR SESSION**

SENATE AMENDMENT "A" to H.P. 630, L.D. 855, "RESOLUTION, Proposing an Amendment to the Constitution of Maine to Limit State Spending and Establish a Reserve Fund"

Amend the resolution by striking out the title and substituting the following:

'RESOLUTION, Proposing an Amendment to the Constitution of Maine to Establish a Reserve Fund'

Further amend the resolution by striking out all of that part designated "Section 24." and inserting in its place the following:

'Section 24. Reserve fund. A reserve fund for the General Fund is established. Funds in the reserve fund may not exceed 10% of the total General Fund revenues received in the immediately preceding state fiscal year and may be expended only for the following purposes: to offset General Fund revenue shortfalls in state fiscal years in which actual revenues fall short or are projected to fall short of the accepted General Fund revenue estimates; for prepayment of outstanding General Fund bonds; for prepayment of any unfunded liabilities of the Maine State Retirement System, or any successor agency, related to retirement benefits for state government employees or teachers; or for major construction. For purposes of this section, "major construction" is defined as being any single project with a total cost exceeding \$1,000,000. When actual General Fund revenues at the end of any state fiscal year exceed the accepted General Fund revenue estimates, 75% of the excess revenues must be placed in the reserve fund. Funds may be expended from this fund only upon recommendation of the Governor and approval by 2/3 of both Houses of the Legislature.'

SENATE AMENDMENT

SENATE AMENDMENT "A" to H.P. 630, L.D. 855

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

FISCAL NOTE

The estimated cost of sending this resolution out to referendum will vary according to the total number of referenda enacted during the First Regular Session of the 117th Legislature. The estimated cost to the Secretary of State if one to 6 referenda are enacted is \$95,000. Each additional referendum costs an additional \$7,000.

If enacted by the voters, a reserve fund will be created to receive 75% of excess revenues to be used for certain designated purposes.'

STATEMENT OF FACT

This amendment replaces the resolution.

The amendment removes the expenditure limitation that was to be prescribed by the Legislature beginning in state fiscal year 1996-97. It also removes the provision that constitutionally transfers 25% of surplus General Fund revenues to the Property Tax Relief Fund.

The amendment keeps the provisions that establish a General Fund reserve fund. In addition to the originally proposed use of the fund to cover actual or projected General Fund revenue shortfalls in any state fiscal year, 3 new uses are proposed in this amendment: prepayment of outstanding General Fund bonds, currently a statutorily authorized use of the Maine Rainy Day Fund; prepayment of any unfunded liabilities of the Maine State Retirement System related to state government employees or teachers; and for major construction projects exceeding \$1,000,000, also a statutorily authorized use of the Maine Rainy Day Fund, although the Maine Revised Statutes, Title 5, section 1513, subsection 2 currently defines "major construction" as being any single project with a total cost over \$500,000.

SPONSORED BY: Dave Hanley
(Senator HANLEY)

COUNTY: Oxford