

MAINE STATE LEGISLATURE

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M
R. & S.

L.D. 1034

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DATE: 6/21/95

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MINORITY
APPROPRIATIONS AND FINANCIAL AFFAIRS

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

18
20 COMMITTEE AMENDMENT "A" to H.P. 760, L.D. 1034,
"RESOLUTION, Proposing an Amendment to the Constitution of Maine
to Establish a Future Budget Fund"

22
24 Amend the resolution by striking out the title and
substituting the following:

26
28 '**RESOLUTION, Proposing an Amendment to the Constitution of Maine
to Establish the Constitutional Budget Reserve Fund'**

30
Further amend the resolution by striking out all of section
24 and inserting in its place the following:

32
34 'Section 24. Constitutional Budget Reserve Fund. The
Constitutional Budget Reserve Fund, referred to in this Section
as the "reserve fund," for the General Fund is established.
Funds in the reserve fund may not exceed 15% of the total General
Fund revenues received in the immediately preceding state fiscal
year and may be expended only for the following prioritized
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
tax rate reductions in the individual income, corporate income or
sales and use taxes or direct tax rate reductions in local
property taxes; to reduce the unfunded liability of the Maine
State Retirement System as it relates to state employees and
teachers; or for major construction. For purposes of this
Section, "major construction" is defined as being any single
project of an emergency nature with a total cost exceeding
\$1,000,000. In any state fiscal year beginning July 1, 1997,

COMMITTEE AMENDMENT

COMMITTEE AMENDMENT "A" to H.P. 760, L.D. 1034

2 General Fund appropriations must be made to the reserve fund of
4 2% of the projected General Fund revenues and other available
6 resources in that year and each succeeding state fiscal year. In
8 addition, when actual General Fund revenues at the end of any
10 state fiscal year exceed the accepted General Fund revenue
12 estimates, 75% of the excess revenues must be placed in the
14 reserve fund. Funds may be utilized or expended from this
16 reserve fund only upon recommendation of the Governor and
18 approval by 2/3 of both Houses of the Legislature. The
20 Legislature shall prescribe the procedures by which the terms of
22 this provision are implemented.'

24 Further amend the resolution by striking out all of the
26 question (page 1, lines 41 to 44 in L.D.) and inserting in its
28 place the following:

30 ' "Do you favor amending the Constitution of Maine to create
32 the Constitutional Budget Reserve Fund to be used only to offset
34 General Fund revenue shortfalls, for state tax rate reductions or
36 direct property tax reductions, to reduce the unfunded liability
38 of the Maine State Retirement System or for major construction of
40 an emergency nature?" '

42 Further amend the resolution by inserting at the end before
44 the statement of fact the following:

46 **FISCAL NOTE**

48 The estimated cost of sending this resolution out to
50 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, the Constitutional Budget Reserve
Fund will be created to receive General Fund appropriations of 2%
of projected General Fund revenue as well as 75% of excess
revenues to be used for certain designated purposes.'

52 **STATEMENT OF FACT**

54 This amendment removes the original provisions that would
56 transfer 5% of annual budgeted revenues to a reserve fund so that
the reserve fund would be used to finance the entire General Fund
budget in fiscal year 2021-22.

COMMITTEE AMENDMENT "A" to H.P. 760, L.D. 1034

2 In its place, the amendment establishes the Constitutional
Budget Reserve Fund for the General Fund. Proposed uses of the
4 reserve fund are to cover actual or projected General Fund
revenue shortfalls in any state fiscal year; individual income,
6 corporate income or sales and use tax rate reductions or direct
local property tax rate reductions; reductions to the unfunded
8 liability of the Maine State Retirement System as it relates to
state employees and teachers; or for major construction projects,
exceeding \$1,000,000, that are of an emergency nature.

10
12 The Constitutional Budget Reserve Fund will receive annual
General Fund appropriations equal to 2% of projected General Fund
14 revenue, beginning in state fiscal year 1997-98. Also, effective
upon ratification by the voters, the fund receives 75% of the
excess General Fund revenues at the end of any state fiscal year.