

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

SECOND REGULAR SESSION-1998

Legislative Document

No. 2110

S.P. 783

In Senate, January 20, 1998

**An Act to Amend the Laws Regarding the Consensus Revenue
Forecasting Process.**

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

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 President LAWRENCE of York.
Cosponsored by Senators: CLEVELAND of Androscoggin, MICHAUD of Penobscot,
PINGREE of Knox, Representatives: KONTOS of Windham, MITCHELL of Vassalboro.

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

2
4 **Sec. 1. 5 MRSA §1664, 2nd ¶**, as amended by PL 1995, c. 665,
Pt. S, §1, is further amended to read:

6 Part 1 must consist of a budget message by the
Governor-elect or the Governor that outlines the 4-year financial
8 policy of the State Government for the ensuing biennium and the
following biennium, describing in connection therewith the
10 important features of the financial plan. It must embrace a
general budget summary setting forth the aggregate figures of the
12 budget in such a manner as to show the balanced outlines
relations between the total proposed expenditures and the total
14 anticipated revenues together with the other means of financing
the budget for each fiscal year of the ensuing biennium,
16 contrasted with the corresponding figures for the last completed
fiscal year and the fiscal year in progress. The following
18 biennium financial plan must include the forecasted Highway Fund
and General Fund appropriation requirements and projected
20 revenues and other available resources shown in a budget fund
flow statement and a comparative statement that presents income
22 source for revenue projections and appropriation estimates by
major program categories. This forecast must assume the
24 continuation of current laws and include reasonable and
predictable estimates of growth in revenues and expenditures
26 based on national and local trends and program operations.
General Fund and Highway Fund revenue must be forecasted for the
28 following biennium by income sources as provided in current-law
chapter 151-B. Expenditure forecasts for the General Fund and
30 the Highway Fund must be forecasted on the basis of current law
and assumed inflation variables related to program operations.
32 It must specifically describe the estimated loss in revenue
during the last completed fiscal year and the fiscal year in
34 progress, and the anticipated loss in revenue for each fiscal
year of the ensuing biennium, caused by tax expenditures provided
36 in Maine statutes; the term "tax expenditures" means those state
tax revenue losses attributable to provisions of Maine tax laws
38 that allow a special exclusion, exemption or deduction or provide
a special credit, a preferential rate of tax or a deferral of tax
40 liability. The general budget summary must be supported by
explanatory schedules or statements, classifying the expenditures
42 contained therein by organization units, objects and funds, and
the income by organization units, sources and funds.

44 **Sec. 2. 5 MRSA §1665, sub-§3**, as enacted by PL 1989, c. 501,
46 Pt. P, §13, is amended to read:

48 **3. Revenue estimates.** ~~Tentative-revenue-estimates-prepared~~
by the The State Budget Officer during ~~the-month-of-September-of~~
50 the ~~-----even-numbered-----years-----shall-----be-----revised-----by~~

2 ~~this officer during the following November shall use the revenue~~
3 ~~projections recommended by the Revenue Forecasting Committee in~~
4 ~~setting revenue estimates for inclusion in the budget. The~~
5 ~~revenue estimates shall must be classified so as to show the~~
6 ~~income by organization units, sources and funds, or in any other~~
7 ~~manner, at the discretion of the State Budget Officer.~~

8 **Sec. 3. 5 MRSA §1665, sub-§7**, as amended by PL 1995, c. 665,
9 Pt. S, §2, is further amended to read:

10 **7. General Fund and Highway Fund revenue and expenditure**
11 **forecasts.** By September 30th of each odd-numbered year and May
12 31st of each even-numbered year, the State Budget Officer shall
13 prepare and deliver a report to the Governor, the Legislature and
14 the joint standing committee of the Legislature having
15 jurisdiction over appropriations and financial affairs containing
16 a forecast of revenue and expenditures for the following
17 biennium. The forecast must assume the continuation of current
18 laws and include reasonable and predictable estimates of growth
19 in revenues and expenditures based on national and local trends
20 and program operations. General Fund and Highway Fund revenue
21 must be forecasted by income source as provided in ~~current-law~~
22 chapter 151-B. Expenditure forecasts for the General Fund and
23 the Highway Fund must be forecasted on the basis of current law
24 and assumed inflation variables related to program operations.
25 The forecast for the General Fund and the Highway Fund must be
26 presented in a budget fund flow statement and a comparative
27 statement showing each income source for revenue projections and
28 expenditure estimates for each major program category.

29 **Sec. 4. 5 MRSA §1710-E**, as enacted by PL 1995, c. 368, Pt. J,
30 §1, is amended to read:

31 **§1710-E. Revenue Forecasting Committee; established; membership**

32 There is established the Revenue Forecasting Committee,
33 referred to in this chapter as the "committee," for the purpose
34 of providing the Governor, the Legislature and the State Budget
35 Officer with analyses, findings and recommendations relating to
36 the projection of revenues for the General Fund and the Highway
37 Fund based on economic assumptions recommended by the Consensus
38 Economic Forecasting Commission. The committee includes the
39 State Budget Officer, the State Tax Assessor, the State Economist
40 and an economist on the faculty of the University of Maine System
41 selected by the chancellor and, the Director of the Office of
42 Fiscal and Program Review, an economist from the Office of Fiscal
43 and Program Revenue and the analyst who provides staffing
44 assistance to the joint standing committee of the Legislature
45 having jurisdiction over taxation matters. One of the 5 7

2 members must be selected by a majority vote of the committee
members to serve as the chair of the committee.

4 **Sec. 5. 5 MRSA §1710-G**, as amended by PL 1997, c. 157, §1,
is further amended to read:

6
8 **§1710-G. Use of revenue forecasts**

10 The State Budget Officer shall ~~consider~~ use the revenue
projections recommended by the committee in setting revenue
12 estimates in accordance with section 1665, subsection 3. The
State Budget Officer shall use the revenue projections of the
committee in preparing General Fund and Highway Fund revenue and
14 expenditure forecasts in accordance with section 1664 and section
1665, subsection 7. The Legislature shall use the revenue
16 projections recommended by the committee in meeting its
constitutional obligation to enact a balanced budget. If the
18 State Budget Officer ~~adjusts~~ wishes to recommend an adjustment to
the revenue projections recommended by the committee in setting
20 revenue estimates in accordance with section 1665, subsection 3,
the State Budget Officer shall submit to the Governor, the
22 Legislative Council and the joint standing committee of the
Legislature having jurisdiction over appropriations and financial
24 affairs a report that presents the analyses, findings and
recommendations by revenue line and explains the variances from
26 the revenue projections recommended by the committee.

28 **Sec. 6. Appropriation.** The following funds are appropriated
from the General Fund to carry out the purposes of this Act.

30
32 **1998-99**

34 **LEGISLATURE**

36 **Legislature**

38	Positions - Legislative Count	(1,000)
	Personal Services	\$75,000

40 Provides funds for the salary, benefits and
42 administrative costs for one economist
position within the Office of Fiscal and
44 Program Review.

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SUMMARY

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6 This bill amends the laws related to the Revenue Forecasting
8 Committee by adding 2 new members from nonpartisan legislative
10 staff and by requiring that revenue estimates used in biennial
budget preparation be those developed by the committee. The bill
also provides funding for a new economist position in the Office
of Fiscal and Program Review.