

MAINE STATE LEGISLATURE

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APPROPRIATIONS AND FINANCIAL AFFAIRS

Reported by:

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**STATE OF MAINE
SENATE
119TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 62, L.D. 132, Bill, "An Act to Increase the Cap on the Maine Rainy Day Fund"

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

'An Act to Make Changes to the Maine Rainy Day Fund'

Further amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 5 MRSA §1513, sub-§1, as amended by PL 1999, c. 401, Pt. GGG, §1 and affected by §2, is further amended to read:

1. Maine Rainy Day Fund. ~~The As the first priority before any other transfer, the~~ State Controller shall at the close of each fiscal year ~~transfer reserve~~ from the unappropriated surplus of the General Fund ~~to the Maine Rainy Day Fund an equal amount to 1/2 the excess of total General Fund revenues received over accepted estimates in that fiscal year and transfer that amount to the Maine Rainy Day Fund at the beginning of the next fiscal year.~~ Accepted revenue estimate may not be increased after adjournment of each First Regular Session of the Legislature except as provided. For the first year of the biennium, revenue estimates for the 2nd year of the biennium may be adjusted once during the Second Regular Session of the Legislature. Accepted revenue estimates may be increased for other fiscal periods only if an amount not to exceed 1/2 of the increase is transferred by the State Controller to the Rainy Day Fund at the same time from the unappropriated surplus of the General Fund. The fund may not

exceed 6% of the total General Fund revenues received in the immediately preceding fiscal year and may not lapse, but remain in a continuing carrying account to carry out the purposes of this section. A reduction in the fund is not necessary in the event the total General Fund revenues received in the immediately preceding fiscal year are less than the total General Fund revenues received in the fiscal year 2 years previous and if the fund is at its 6% limit.

Sec. 2. 5 MRSA §1513, sub-§3-A is enacted to read:

3-A. Investment proceeds; exception. At the close of every month during which the Maine Rainy Day Fund is at the 6% limitation described in subsection 1, the State Controller shall transfer from the General Fund to the Retirement Allowance Fund established in section 17251 an amount equivalent to the investment earnings that otherwise would have been credited to the Maine Rainy Day Fund.

Sec. 3. Effective date. That section of this Act that enacts the Maine Revised Statutes, Title 5, section 1513, subsection 3-A takes effect July 1, 2003.'

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

This bill will reduce future General Fund revenue from investment earnings beginning in fiscal year 2003-04 for all those months when the Maine Rainy Day Fund is at its statutory limit. For those months, the investment earnings that otherwise would have accrued to the Maine Rainy Day Fund will be transferred to the Retirement Allowance Fund. During fiscal year 1999-00, while the Maine Rainy Day Fund was at its statutory cap, the investment earnings on the balance in the Maine Rainy Day Fund were approximately \$670,000 monthly.

The additional transfers to the Retirement Allowance Fund will reduce the unfunded liability of the Maine State Retirement System and will reduce future requirements for transfers to the system to amortize that liability, paid as a percentage of salaries of state employees and teachers.'

SUMMARY

This amendment replaces the bill. It changes the title of the bill and clarifies the manner in which the Maine Rainy Day

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2 Fund may receive surplus General Fund revenue at the end of a
fiscal year. It also directs investment income that would
4 otherwise accrue to the General Fund when the Maine Rainy Day
Fund is at its 6% cap to be transferred to the Retirement
6 Allowance Fund, effective in fiscal year 2002-03. This amendment
also adds a fiscal note to the bill.

COMMITTEE AMENDMENT