

MAINE STATE LEGISLATURE

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L.D. 2400

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DATE: 4/27/00

(Filing No. S-783)

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

SENATE AMENDMENT ^A " to COMMITTEE AMENDMENT "A" to H.P. 1694, L.D. 2400, Bill, "An Act to Create Employment Opportunities by Clarifying Maine's Tax Laws Regarding Mutual Fund Companies"

Amend the amendment by inserting after section 2 the following:

'Sec. 3. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

2000-01

**ECONOMIC AND COMMUNITY
DEVELOPMENT, DEPARTMENT OF**

**Administration - Economic
and Community Development**

All Other (\$14,642)

Deappropriates funds to cover the projected General Fund revenue loss in fiscal year 2000-01. It is the intent of the Legislature that the Commissioner of Economic and Community Development submit General Fund appropriation requests that otherwise reduce "current services" appropriations by \$36,897 in fiscal year 2001-02 and \$37,635 in fiscal year 2002-03. The commissioner shall report to the joint standing committee of the Legislature having jurisdiction over appropriations and

SENATE AMENDMENT

H. O. S.

financial affairs by January 5, 2001
documenting these reductions and the effect
on the department's programs.'

FISCAL NOTE

This amendment adds a General Fund deappropriation of \$14,642 in fiscal year 2000-01 from the Department of Economic and Community Development and requires the department to reduce future General Fund appropriation requests by \$36,897 in fiscal year 2001-02 and \$37,635 in fiscal year 2002-03 to offset the reductions of General Fund revenue in these fiscal years resulting from the change to the income tax apportionment formula for mutual fund service providers.

This bill as amended will have no net General Fund impact in fiscal year 2000-01. In fiscal years 2001-02 and 2002-03, it can not be determined whether future General Fund appropriations requests will be reduced sufficiently to offset the estimated reductions of General Fund revenue. Or, if appropriation requests are reduced, the impact of any reductions on other department programs.

The change to the apportionment formula and combined reporting requirements for mutual fund service providers will decrease income tax collections by \$15,429 in fiscal year 2000-01, \$38,880 in fiscal year 2001-02 and \$39,658 in fiscal year 2002-03. The reduction of these tax collections will decrease the amounts transferred to the Local Government Fund for state-municipal revenue sharing in those years by \$787, \$1,983 and \$2,023, respectively. The resulting net reductions of General Fund revenue will be \$14,642 in fiscal year 2000-01, \$36,897 in fiscal year 2001-02 and \$37,635 in fiscal year 2002-03.

The Bureau of Revenue Services will incur some minor additional costs to implement this tax change. These costs can be absorbed within the bureau's existing budgeted resources.

SUMMARY

This amendment includes a General Fund deappropriation to offset the General Fund revenue loss and requires the Department of Economic and Community Development to reduce future requests for General Fund appropriations. The Commissioner of Economic and Community Development is required to report to the joint standing committee having jurisdiction over appropriations and

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 1694,
L.D. 2400

financial affairs by January 5, 2001 and document these
reductions and the effect on the department's programs.

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(Senator MICHAUD)

COUNTY: Penobscot