

MAINE STATE LEGISLATURE

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DATE: 6/12/03

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APPROPRIATIONS AND FINANCIAL AFFAIRS

Minority

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 864, L.D. 1167,
"RESOLUTION, Proposing an Amendment to the Constitution of Maine
To Restrict an Increase in the Growth of the State Budget to No
Greater than 75% of the Rate of Growth of Per Capita Income"

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

'RESOLUTION, Proposing an Amendment to the Constitution of Maine
To Restrict an Increase in the Growth of the State Budget'

Further amend the resolution by striking out everything
after the title and before the summary and inserting in its place
the following:

'Constitutional amendment. Resolved: Two thirds of each
branch of the Legislature concurring, that the following
amendment to the Constitution of Maine be proposed:

Constitution, Art. IV, Part Third, §24 is enacted to read:

Section 24. Limitation on growth of state budget. The
Legislature shall establish a General Fund expenditure ceiling
that limits the growth of General Fund appropriations, excluding
federal funds received by the General Fund, to a percentage rate
equal to 2/3 of the average real personal income growth rate plus
2/3 of the average forecasted inflation rate. As used in this
section, "average real personal income growth rate" means the
average for the prior 10 calendar years, ending with the most
recent calendar year for which data is available, of the percent
change in personal income in this State for a calendar year, as
estimated by the United States Department of Commerce, Bureau of
Economic Analysis, less the percent change in the Consumer Price

COMMITTEE AMENDMENT

Index for that calendar year. As used in this section, "average forecasted inflation rate" means the average forecasted change in the Consumer Price Index underlying the revenue projections developed by a revenue forecasting committee. As used in this section, "Consumer Price Index" means the average over a 12-month period of the National Consumer Price Index, not seasonally adjusted, published monthly by the United States Department of Labor, Bureau of Labor Statistics, designated as the "National Consumer Price Index for All Urban Consumers - United States City Average." No appropriations in excess of this ceiling may be authorized during any legislative session unless the Legislature, by a 2/3 vote of the entire elected membership of both Houses, sets forth the dollar amount and the rate by which the ceiling will be exceeded and the reasons therefor. Twenty percent of the amount of General Fund revenues that exceeds the limit on General Fund expenditures established in this section must be transferred to a capital construction and improvements reserve fund up to a maximum of \$50,000,000. Eighty percent of the amount of General Fund revenues that exceeds the limit on General Fund expenditures established in this section must be transferred to a budget stabilization fund that may receive transfers up to a maximum of 8% of the previous year's appropriation. Any excess amounts of General Fund revenues not transferred to a capital construction and improvements reserve fund or a budget stabilization fund must be used as follows: 75% of the amount must be transferred to reduce the unfunded liabilities of the Maine State Retirement System and 25% of the amount must be transferred to a tax conformity reserve fund established for the purpose of conforming tax law in this State with the United States Internal Revenue Code. In the event any or all of the above obligations are satisfied, any excess amounts of General Fund revenues must be returned to the taxpayers of this State.

; and be it further

Constitutional referendum procedure; form of question; effective date. Resolved: That the municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election at a statewide election on the Tuesday following the first Monday of November following the passage of this resolution, to vote upon the ratification of the amendment proposed in this resolution by voting upon the following question:

"Do you favor amending the Constitution of Maine to establish a ceiling that limits the growth in state spending to a percentage rate equal to 2/3 of the average real personal income growth rate plus 2/3 of the average forecasted inflation rate, to require a 2/3 vote of the

Legislature to approve General Fund expenditures that exceed this ceiling and to require that surplus funds be distributed first to a capital construction and improvements reserve fund and a budget stabilization fund; 2nd to reduce the unfunded liabilities of the Maine State Retirement System and to conform Maine tax law with the United States Internal Revenue Code; and 3rd to the people of this State?"

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within the corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns and, if it appears that a majority of the legal votes are cast in favor of the amendment, the Governor shall proclaim that fact without delay and the amendment becomes part of the Constitution of Maine on the date of the proclamation; and be it further

Secretary of State shall prepare ballots. Resolved: That the Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this resolution necessary to carry out the purposes of this referendum.'

SUMMARY

This amendment is the minority report and it changes the manner in which the General Fund expenditure ceiling is determined.

FISCAL NOTE REQUIRED
(See attached)



**121st Maine Legislature
Office of Fiscal and Program Review**

LD 1167

**RESOLUTION, Proposing an Amendment to the Constitution of Maine
To Restrict an Increase in the Growth of the State Budget**

LR 0957(02)

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Appropriations and Financial Affairs

Fiscal Note Required: Yes

Minority Report

Fiscal Note

Current biennium cost increase - General Fund

Referendum Costs	Month/Year	Election Type	Question	Length
	Nov-03	General	Referendum	Standard

The Secretary of State's budget includes sufficient funds to accommodate one ballot of average length for the general election in November. If the number or size of the referendum questions increases the ballot length, an additional appropriation of \$8,000 or more may be required.

Fiscal Detail and Notes

If approved by the voters, this resolution is likely to result in the reduction of future General Fund expenditure levels; the amounts can not be determined at this time.