

MAINE STATE LEGISLATURE

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APPROPRIATIONS AND FINANCIAL AFFAIRS

Reported by: Minority

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STATE OF MAINE
SENATE
121ST LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 453, L.D. 1383, Bill, "An Act To Limit the Growth of Government Spending"

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 c. 52 is enacted to read:

CHAPTER 52

STATE GOVERNMENT EXPENDITURE LIMITS

§561. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Average forecasted inflation rate. "Average forecasted inflation rate" means the average forecasted change in the Consumer Price Index underlying the revenue projections developed by the Revenue Forecasting Committee pursuant to chapter 151-B.

2. Average real personal income growth rate. "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 are 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 Index for that calendar year.

COMMITTEE AMENDMENT

2 **3. Consumer Price Index.** "Consumer Price Index" has the
same meaning as in Title 36, section 5402, subsection 1.

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6 **§562. State Government expenditure limits**

8 **1. State spending limit.** Except as provided in subsection
2, the maximum annual percentage increase in General Fund
expenditures, excluding federal funds received by the General
10 Fund, may not exceed 2/3 of the average real personal income
growth rate plus 2/3 of the average forecasted inflation rate.

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14 **2. Two-thirds vote required.** State Government may
authorize an expenditure in excess of the limit established in
subsection 1 only upon a vote of 2/3 of the entire elected
16 membership of each House of the Legislature.

18 **§563. Disposition of excess revenue**

20 If the State collects revenue that exceeds the expenditure
limit established for that fiscal year in section 562, subsection
22 1, as the first priority before any other transfer, the State
Controller shall at the close of the fiscal year transfer 20% of
24 the amount to the Capital Construction and Improvements Reserve
Fund established in section 1516-A up to a maximum of
26 \$50,000,000. Eighty percent of the amount of revenue that
exceeds the expenditure limit established for that fiscal year in
28 section 562, subsection 1 must be transferred to an emergency
reserve fund, which may receive transfers up to a maximum of 8%
30 of the previous fiscal year's total General Fund appropriations.
Any excess amounts of General Fund revenues not transferred to
32 the Capital Construction and Improvements Reserve Fund or an
emergency reserve fund must be used as follows: 75% of the
34 amount must be transferred to reduce the unfunded liabilities of
the Maine State Retirement System; and 25% of the amount must be
36 transferred to a tax conformity reserve fund established for the
purpose of conforming tax law in this State with the United
38 States Internal Revenue Code of 1986. In the event all of the
above obligations are satisfied, any excess amounts of General
40 Fund revenues must be returned to the taxpayers of this State.

42 **Sec. 2. Statutory referendum procedure; submission at statewide
election; form of question; effective date.** This Act takes effect when
44 approved only for the purpose of permitting its submission to the
legal voters of the State at a statewide election held on the
46 Tuesday following the first Monday of November following passage
of this Act. The municipal officers of this State shall notify
48 the inhabitants of their respective cities, towns and plantations
to meet, in the manner prescribed by law for holding a statewide

election, to vote on the acceptance or rejection of this Act by
voting on the following question:

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"Do you favor placing a limit on the maximum annual percentage increase in State Government expenditures, requiring a 2/3 vote of the Legislature to approve state General Fund expenditures that exceed this limit and requiring that surplus funds be placed in an emergency reserve fund or returned to the citizens?"

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 a 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 Act, the Governor shall proclaim that fact without delay, and the Act takes effect 30 days after the date of the proclamation.

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

SUMMARY

This amendment is the minority report. It changes the manner in which the maximum annual percentage increase in General Fund expenditures is determined and removes the local government expenditure limit.

FISCAL NOTE REQUIRED
(See attached)



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

LD 1383

An Act to Limit the Growth of Government Spending

LR 0562(02)

Fiscal Note for Bill as Amended by Committee Amendment "A"

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

The amended bill will limit General Fund expenditures to increases that do not exceed 2/3 of the average real personal growth rate plus 2/3 of the average forecasted inflation rate. The bill also specifies the disposition of General Fund revenue that exceeds the expenditure limit that is calculated each fiscal year.