## MAINE STATE LEGISLATURE

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| 2  | DATE: 6-13-03 (Filing No. s-283)   |
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| 4  | DATE: (FITTING NO. 5-805)  |
| 6  | APPROPRIATIONS AND FINANCIAL AFFAIRS   |
| 8  | Reported by: Minority  |
| 10 | Reproduced and distributed under the direction of the Secretar of the Senate.  |
| 12 | STATE OF MAINE   |
| 14 | SENATE<br>121ST LEGISLATURE  |
| 16 | FIRST REGULAR SESSION  |
| 18 | COMMITTEE AMENDMENT "A" to S.P. 453, L.D. 1383, Bill, "A   |
| 20 | Act To Limit the Growth of Government Spending"  |
| 22 | Amend the bill by striking out everything after the enactin clause and before the summary and inserting in its place th  |
| 24 | following:   |
| 26 | 'Sec. 1. 5 MRSA c. 52 is enacted to read:  |
| 28 | CHAPTER 52   |
| 30 | STATE GOVERNMENT EXPENDITURE LIMITS  |
| 32 | §561. Definitions  |
| 34 | As used in this chapter, unless the context otherwis indicates, the following terms have the following meanings.   |
| 36 | 1. Average forecasted inflation rate. "Average forecaste   |
| 38 | inflation rate" means the average forecasted change in th<br>Consumer Price Index underlying the revenue projections develope  |
| 40 | ho the December Boursetine Committee account to shape 151 D  |
| 40 | by the Revenue Forecasting Committee pursuant to chapter 151-B.  |
| 42 | 2. Average real personal income growth rate. "Average rea  |
|    | 2. Average real personal income growth rate. "Average rea personal income growth rate" means the average for the prior 1 calendar years, ending with the most recent calendar year fo which data are available, of the percent change in persona |
| 42 | 2. Average real personal income growth rate. "Average reapersonal income growth rate" means the average for the prior 1 calendar years, ending with the most recent calendar year fo   |

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| 3. Co   | asum | er | Price | Ind | lex | "Co | nsumer | Price | Index" | has | the |
|---------|------|----|-------|-----|-----|-----|--------|-------|--------|-----|-----|
| meaning |      |    |       |     |     |     |        |       |        |     |     |

## §562. State Government expenditure limits

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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 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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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 membership of each House of the Legislature.

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#### §563. Disposition of excess revenue

If the State collects revenue that exceeds the expenditure limit established for that fiscal year in section 562, subsection 1, as the first priority before any other transfer, the State Controller shall at the close of the fiscal year transfer 20% of the amount to the Capital Construction and Improvements Reserve Fund established in section 1516-A up to a maximum of \$50,000,000. Eighty percent of the amount of revenue that exceeds the expenditure limit established for that fiscal year in section 562, subsection 1 must be transferred to an emergency reserve fund, which may receive transfers up to a maximum of 8% of the previous fiscal year's total General Fund appropriations. Any excess amounts of General Fund revenues not transferred to the Capital Construction and Improvements Reserve Fund or an emergency reserve 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 of 1986. In the event all of the above obligations are satisfied, any excess amounts of General Fund revenues must be returned to the taxpayers of this State.

Sec. 2. Statutory referendum procedure; submission at statewide election; form of question; effective date. This Act takes effect when approved only for the purpose of permitting its submission to the legal voters of the State at a statewide election held on the Tuesday following the first Monday of November following passage of this Act. 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

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## COMMITTEE AMENDMENT "A" to S.P. 453, L.D. 1383

| <b>1</b>   | ier |
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| <b>(1)</b> | 1   |

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

"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?"

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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.

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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.'

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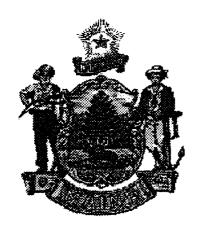
#### SUMMARY

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)

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Approved: 06/12/03



# 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 gener 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.