

MAINE STATE LEGISLATURE

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77
R.O.S.

L.D. 1

DATE: 1.20.05

(Filing No. S- 8)

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STATE OF MAINE
SENATE
122ND LEGISLATURE
FIRST REGULAR SESSION

SENATE AMENDMENT "6" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1, Bill, "An Act To Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels"

Amend the amendment by striking out all of the first paragraph after the title (page 1, lines 23 to 25 in amendment) and all of Parts A, B, C and D and inserting in their place the following:

'Amend the bill by striking out everything after the title and before the summary and inserting in its place the following:

'Be it enacted by the People of the State of Maine as follows:

PART A

Sec. A-1. 5 MRSA §1507, last ¶, as enacted by PL 1997, c. 24, Pt. C, §2, is repealed.

Sec. A-2. 5 MRSA §1511, as amended by PL 2003, c. 451, Pt. X, §1, is repealed.

Sec. A-3. 5 MRSA §1513, as amended by PL 2003, c. 451, Pt. X, §§2 to 4, is repealed.

Sec. A-4. 5 MRSA §1517, as amended by PL 2003, c. 451, Pt. X, §6, is repealed.

Sec. A-5. 5 MRSA §§1521 and 1522 are enacted to read:

§1521. Maine Budget Stabilization Fund

SENATE AMENDMENT

1. Establishment. The Maine Budget Stabilization Fund, referred to in this section as "the fund," is established and must be administered for the purposes identified in this section.

2. Transfers to fund; limits. The fund may receive transfers by the State Controller of unappropriated surplus at the close of a fiscal year as provided in section 1995 and any other funds identified by law. The fund may not exceed 10% of the total General Fund revenues received in the immediately preceding fiscal year and may not lapse, but remains in a continuing carrying account to carry out the purposes of this section. The limit at the close of a fiscal year is based on the total General Fund revenues received in the fiscal year being closed.

3. Use of fund. The Legislature may authorize transfers, appropriations and allocations from the fund only to fund the costs of State Government up to the expenditure limit calculated under section 1994 in years when state revenues are less than the amount necessary to finance the level of expenditure permitted under section 1994.

4. Investment of funds; proceeds. The money in the fund may be invested as provided by law, with the earnings credited to the fund. At the close of every month during which the fund is at the 10% limitation described in subsection 2, the State Controller shall transfer the excess to the Tax Relief Reserve Fund established under section 1995.

§1522. Maine Highway Budget Stabilization Fund

1. Establishment. The Maine Highway Budget Stabilization Fund, referred to in this section as "the fund," is established and must be administered for the purposes identified in this section.

2. Transfers to fund; limits. The fund may receive transfers by the State Controller of unallocated Highway Fund surplus at the close of a fiscal year as provided in section 1996 and any other funds identified by law. The fund may not exceed 10% of the total Highway Fund revenues received in the immediately preceding fiscal year and may not lapse, but remains in a continuing carrying account to carry out the purposes of this section. The limit at the close of a fiscal year is based on the total Highway Fund revenues received in the fiscal year being closed.

3. Use of fund. The Legislature may authorize transfers, appropriations and allocations from the fund only to fund the costs of the Highway Fund budget up to the expenditure limit

2 calculated under section 1994 in years when Highway Fund revenues
3 are less than the amount necessary to finance the level of
4 expenditures permitted under section 1994.

6 4. Investment of funds; proceeds. The money in the fund
7 may be invested as provided by law with the earnings credited to
8 the fund. At the close of every month during which the fund is
9 at the 10% limitation described in subsection 2, the State
10 Controller shall transfer the excess to the Highway Fund Reserve
11 Fund established under section 1996.

12 **Sec. A-6. 5 MRSA §1664, last ¶**, as enacted by PL 2003, c. 451,
13 Pt. X, §8, is amended to read:

14
15 The total General Fund appropriation for each fiscal year of
16 the biennium in the Governor's budget submission to the
17 Legislature may not exceed the General Fund appropriation of the
18 previous fiscal year multiplied by one plus the average--real
19 ~~personal--income--growth--rate,--as--defined--in--section--1665,~~
20 ~~subsection-1,--plus--the--average--forecasted--inflation--rate.--For~~
21 ~~purposes--of--this--paragraph,--"average--forecasted--inflation--rate"~~
22 ~~means--the--average--forecasted--change--in--the--Consumer--Price--Index~~
23 ~~underlying--the--revenue--projections--developed--by--the--Revenue~~
24 ~~Forecasting--Committee--pursuant--to--chapter--151-B,----This~~
25 ~~appropriation--limitation--may--be--exceeded--only--by--the--amount--of~~
26 ~~the--additional--costs--or--the--lost--federal--revenue--from--the~~
27 ~~following--exceptional--circumstances:--unfunded--or--under--funded--new~~
28 ~~federal--mandates;--losses--in--federal--revenues--or--other--revenue~~
29 ~~sources;--citizens'--initiatives--or--referenda--that--require~~
30 ~~increased--state--spending;--court--orders--or--decrees--that--require~~
31 ~~additional--state--resources--to--comply--with--the--orders--or--decrees;~~
32 ~~and--sudden--or--significant--increases--in--demand--for--existing--state~~
33 ~~services--that--are--not--the--result--of--legislative--changes--that~~
34 ~~increased--eligibility--or--increased--benefits,--The--Governor--may~~
35 ~~designate--exceptional--circumstances--that--are--not--explicitly~~
36 ~~defined--in--this--paragraph--but--meet--the--intent--of--this--paragraph.~~
37 ~~For--purposes--of--this--paragraph,--"exceptional--circumstances"--means~~
38 ~~an--unforeseen--condition--or--conditions--over--which--the--Governor--and~~
39 ~~the--Legislature--have--little--or--no--control,----Exceptional~~
40 ~~circumstances--do--not--apply--to--new--programs--or--program--expansions~~
41 ~~that--go--beyond--existing--program--criteria--and--operation~~
42 adjustment factor plus the inflation adjustment factor as those
43 terms are defined in section 1992, subsections 5 and 3,
44 respectively.

46 **Sec. A-7. 5 MRSA §1665, sub-§1**, as amended by PL 2003, c. 451,
47 Pt. X, §9, is further amended to read:

48
49 **1. Expenditure and appropriation requirements.** On or
50 before September 1st of the even-numbered years, all departments

2 and other agencies of the State Government and corporations and
3 associations receiving or desiring to receive state funds under
4 the provisions of law shall prepare, in the manner prescribed by
5 and on blanks furnished them by the State Budget Officer, and
6 submit to the officer estimates of their expenditure and
7 appropriation requirements for each fiscal year of the ensuing
8 biennium contrasted with the corresponding figures of the last
9 completed fiscal year and the estimated figures for the current
10 fiscal year. The total General Fund appropriation requests
11 submitted by each department and agency for each fiscal year may
12 not exceed the General Fund appropriation of the previous fiscal
13 year multiplied by one plus the average--real--personal--income
14 growth--rate.---For--purposes--of--this--subsection,--"average--real
15 personal--income--growth--rate"--means--the--average--for--the--prior--10
16 calendar--years,--ending--with--the--most--recent--calendar--year--for
17 which--data--is--available,--of--the--percent--change--in--personal--income
18 in--this--State--for--a--calendar--year,--as--estimated--by--the--United
19 States--Department--of--Commerce,--Bureau--of--Economic--Analysis,--less
20 the--percent--change--in--the--Consumer--Price--Index--for--that--calendar
21 year.---For--purposes--of--this--subsection,--"Consumer--Price--Index"
22 has the same meaning as in Title 36, section 5402, subsection 1
23 inflation adjustment factor as defined in section 1992. The
24 expenditure estimates shall must be classified to set forth the
25 data by funds, organization units, character and objects of
26 expenditure. The organization units may be subclassified by
27 functions and activities, or in any other manner, at the
28 discretion of the State Budget Officer.

29 **Sec. A-8. 5 MRSA c. 165** is enacted to read:

30 **CHAPTER 165**

31 **THE TAXPAYERS' BILL OF RIGHTS**

32 **§1991. Expenditure and revenue requirements; construction of**
33 **chapter**

34 The following provisions of this section apply,
35 notwithstanding any other provision of law.

36 **1. Expenditure limitations.** Annual state and local
37 expenditures may not exceed the limits provided in this chapter.

38 **2. Revenue increases.** An increase in revenue may only be
39 adopted as provided in section 1993.

40 **3. Construction.** It is the intent of the Legislature that
41 this chapter be interpreted liberally to restrain excess growth
42 of state and local government.

§1992. Definitions

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

1. Election officer. "Election officer" means:

A. In a statewide, county or municipal election, the municipal registrar of voters; or

B. In an election by the voters of a local district that is not a municipality, the official with responsibility for managing the list of voters of the local district.

2. Increase in revenue. "Increase in revenue" means any legislation, local ordinance or tax levy that causes a net gain in revenue and:

A. Enacts a new tax or fee;

B. Increases the rate or expands the base of an existing tax or fee;

C. Reduces benefits or eligibility under the Business Equipment Tax Refund program established in Title 36, chapter 915 without providing the same level of benefits and eligibility under a comparable program or without providing a 100% property tax exemption for property eligible for reimbursement under Title 36, chapter 915;

D. Repeals or reduces any tax exemption, credit or refund; or

E. Extends an expiring tax or fee increase.

3. Inflation adjustment factor. "Inflation adjustment factor" means the increase in the Consumer Price Index for the most recently available calendar year as calculated by the United States Department of Labor, Bureau of Labor Statistics.

4. Local district. "Local district" means any county, municipality or other substate governmental entity with the authority to collect revenue.

5. Population adjustment factor. "Population adjustment factor" means the increase or decrease in population for the preceding calendar year over the prior calendar year as determined annually by the Executive Department, State Planning Office statewide and for each municipality based on federal census estimates.

2 **6. Quasi-governmental agency.** "Quasi-governmental agency"
4 means any separate legal entity for which the State is
6 financially accountable and that is included in the financial
8 statements of the State for financial reporting purposes under
 guidelines established by generally accepted accounting
 principles mandated by a governmental accounting standards board.

10 **7. Revenue.** "Revenue" means taxes and fees collected by the
12 State, a quasi-governmental agency or a local district pursuant
14 to the statutes of the State, including those collected under
 Title 36, Part 2. It includes money received from the sale of
 goods and services only to the extent that the receipts exceed
 the cost of providing the goods or services.

16 **§1993. Approval of revenue increases**

18 **1. Approval of increases.** The following forms of approval
20 are required to adopt an increase in revenue:

22 A. The measure must be approved by a vote of 2/3 of all the
24 members of each House of the Legislature or 2/3 of the
 members of the legislative body of a quasi-municipal agency
 or a local district; and

26 B. Except as provided in subsection 2, the measure must be
28 approved by a majority of the voters in the jurisdiction as
 described in subsection 3.

30 **2. Exceptions.** Voter approval under subsection 1,
32 paragraph B is not required if:

34 A. Annual state or local revenue is less than annual
36 payments on general obligation bonds, required payments
 related to pensions and final court judgments;

38 B. The measure is an emergency tax and the provisions of
 section 1999 are followed; or

40 C. The increase in revenue applies to a quasi-governmental
42 agency that does not have a body of voters.

44 For the purposes of this subsection, "emergency" does not include
46 economic conditions, revenue shortfalls or district salary or
 fringe benefits increases.

48 **3. Approval by voters; emergency approval.** The question of
50 whether to adopt legislation to impose an increase in revenue of
 the State must be submitted to the voters for approval at the
 next general election as defined in Title 21-A, section 1. If

2 the Legislature determines by a 2/3 vote that legislation to
3 increase taxes or fees should take effect sooner than the next
4 general election, the Legislature may provide for submission of
5 the question to the voters at any regular or special election as
6 defined in Title 21-A, section 1. The question of whether to
7 adopt an increase in revenue of a local district must be
8 submitted to the voters of the district at the next general or
9 special districtwide election.

10 4. Revenue estimates. A measure submitted to the voters
11 under this section must include an estimate of the amount to be
12 raised by the measure for the first 4 fiscal years of its
13 implementation.

14 5. Notice. At least 30 days before an election required
15 under this chapter, the election officer shall mail at the least
16 cost a titled notice or set of notices addressed to "All
17 Registered Voters" at each address of every active registered
18 voter. Notices must include the following information and may
19 not include any additional information:

20 A. The election date, hours, ballot title and text and
21 local election office address and telephone number;

22 B. For each proposed revenue increase, the estimated or
23 actual total of fiscal year spending for the current year
24 and each of the past 4 years and the overall percentage and
25 dollar change;

26 C. For the first full fiscal year of each proposed revenue
27 increase, estimates of the maximum dollar amount of each
28 increase and of fiscal year spending without the increase;
29 and

30 D. Two summaries, up to 500 words each, one in support of
31 and one in opposition to each proposal, of written comments
32 filed with the election officer by 45 days before the
33 election. A summary may not mention names of persons or
34 private groups, nor any endorsements of or resolutions
35 against the proposal. Measure representatives following
36 these rules shall write this summary for their proposal.
37 The election officer shall maintain and accurately summarize
38 all other relevant written comments.

39 Except by later voter approval, if an increase in revenue exceeds
40 any estimate prepared under paragraph C for the same fiscal year,
41 the tax increase is thereafter reduced up to 100% in proportion
42 of the combined dollar excess and the combined excess revenue
43 refunded in the next fiscal year. Ballot questions for revenue
44 increases must begin: "Shall (specify district) revenues be
45 increased by _____ percent for the fiscal year _____
46 to _____ percent for the fiscal year _____
47 to _____ percent for the fiscal year _____
48 to _____ percent for the fiscal year _____
49 to _____ percent for the fiscal year _____
50 to _____ percent for the fiscal year _____

increased (amount of first or, if phased in, full fiscal year dollar increase) annually...?"

6. Costs. The State shall reimburse municipalities for the following costs:

A. The costs of any election under this section and providing the notice required under subsection 5 if the election provides for a state tax increase; and

B. The cost of one local district election per year under this section if that election occurs during a regular election.

§1994. Expenditure limitations

1. State expenditure limitation. Beginning with the first fiscal year that begins after this section takes effect, the maximum annual percentage change in state fiscal year spending in the categories specified in this subsection equals the inflation adjustment factor plus the population adjustment factor and any increases attributable to measures approved under section 1993. This limitation must be calculated separately for the following categories:

A. General Fund;

B. Highway Fund;

C. Quasi-governmental agencies and Other Special Revenue funds, for which separate individual limitations must be applied. For quasi-governmental agencies whose primary purpose is providing educational programs, the limitation must be calculated by substituting for the population adjustment factor a factor based on changes in student enrollment.

2. Local expenditure limitation. Beginning with the first fiscal year that begins after the effective date of this section, the maximum annual percentage change in fiscal year spending for a local district that is a school administrative unit equals the inflation adjustment factor plus the change in its student enrollment and any increases attributable to measures approved under section 1993. The maximum annual percentage change in fiscal year spending for a local district that is not a school administrative unit for a fiscal year may not exceed:

A. The amount of revenue for the local district for the previous fiscal year adjusted by the change in the assessed value of taxable real and personal property in the local

2 district, or the amount of revenue for the local district
4 for the previous fiscal year adjusted by the inflation
adjustment factor plus the population adjustment factor,
whichever is lower; plus

6 B. Any increases attributable to measures approved under
8 section 1993.

10 3. Exceptions. The following may not be counted in
calculating expenditure limitations under this section:

12 A. Amounts returned to taxpayers as refunds of amounts
14 exceeding the expenditure limitation in a prior year;

16 B. Amounts received from the Federal Government;

18 C. Amounts collected on behalf of another level of
government;

20 D. Pension contributions by employees and pension fund
22 earnings;

24 E. Pension and disability payments made to former
government employees;

26 F. Amounts received as grants, gifts or donations that must
28 be spent for purposes specified by the donor;

30 G. Amounts paid pursuant to a court award; or

32 H. Reserve transfers or expenditures.

34 4. Exceeding expenditure limitation. If revenues are
projected to exceed the expenditure limitations in this section,
36 the amount of revenues exceeding the expenditure limitations may
be spent if approved in the same manner as required for a revenue
38 increase under section 1993.

40 **§1995. Transfers and refund of unappropriated General Fund**
surplus

42 1. Fund created. The Tax Relief Reserve Fund, referred to
in this section as "the fund," is created for the purposes set
44 forth in this chapter. The fund may not lapse, but remains in a
continuing carrying account to carry out the purposes of this
46 section.

48 2. Transfer. At the close of each fiscal year, the State
Controller shall identify the amount of General Fund
50 unappropriated surplus and make the following transfers:

2 A. Eighty percent of the unappropriated surplus must be
3 transferred to the fund; and

4 B. Twenty percent of the unappropriated surplus must be
5 transferred to the Maine Budget Stabilization Fund
6 established in section 1521.

7
8 3. Notification. By September 15th annually, the State
9 Controller shall notify the Legislature and the State Tax
10 Assessor of the amount in the fund as a result of the transfers
11 required by subsection 2.

12
13 4. Refund through legislative action. If the amount in the
14 fund exceeds \$25,000,000, the Legislature shall, by October 15th,
15 enact legislation to provide for the refund to taxpayers of
16 amounts in the fund. Refunds may take the form only of temporary
17 or permanent broad-based tax credits, rebates or rate reductions.

18
19 5. Refund in case of legislative inaction. If the
20 Legislature does not enact legislation by October 15th to provide
21 refunds pursuant to subsection 4, then the State Controller
22 shall, by October 30th, notify the State Tax Assessor of the
23 amount in the fund. The State Tax Assessor shall calculate a
24 one-time bonus personal exemption refund. The amount of the
25 personal exemption refund must be calculated by dividing the
26 amount in the fund identified by the State Controller under
27 subsection 3 by the number of personal exemptions claimed on
28 income tax returns filed for tax years beginning in the previous
29 calendar year and rounded down to the nearest \$5 increment. The
30 State Tax Assessor shall issue a refund by November 30th to a
31 taxpayer who filed an income tax return by April 15th of the same
32 calendar year based on the number of personal exemptions claimed
33 on the taxpayer's return without regard to the taxpayer's tax
34 liability for the year.

35 **\$1996. Transfers and refund of unallocated Highway Fund surplus**

36
37 1. Fund created. The Highway Fund Reserve Fund, referred
38 to in this section as "the fund," is created for the purposes set
39 forth in this chapter.

40
41 2. Transfer. At the close of each fiscal year, the State
42 Controller shall identify the amount of Highway Fund unallocated
43 surplus and make the following transfers:

44
45 A. Eighty percent of the unallocated surplus must be
46 transferred to the fund; and
47
48

2 B. Twenty percent of the unallocated surplus must be
3 transferred to the Maine Highway Budget Stabilization Fund
4 established in section 1522.

5 3. Notification. By September 15th annually, the State
6 Controller shall notify the Legislature of the amount in the fund
7 as a result of the transfers required by subsection 2.

8 4. Refund through legislative action. If the amount in the
9 fund exceeds 10% of Highway Fund expenditures for the previous
10 fiscal year, the State Tax Assessor shall calculate, based on the
11 amount in the fund, a proportional reduction in the taxes on
12 motor fuels under Part 5 to become effective the following
13 January 1st and remain in effect for one calendar year.

14 **§1997. Revenues of quasi-governmental agencies and Other Special**
15 **Revenue funds accounts**

16 By September 15th annually, each quasi-governmental agency
17 or state agency that manages an Other Special Revenue funds
18 account shall submit an annual report to the Legislature
19 identifying revenues received in the preceding fiscal year that
20 exceed the expenditure limitation established in section 1994 and
21 any other uncommitted revenues received during the previous
22 fiscal year and proposing a plan for refunding the amount
23 identified that exceeds 10% of the previous fiscal year's
24 expenditure.

25 **§1998. Refund of excess local revenues**

26 If a local district receives revenues in a fiscal year in
27 excess of the expenditure limitation under section 1994, the
28 local district must use the amount of the unprotected excess to
29 reduce the amount of property tax assessed in the succeeding
30 year. For purposes of this section, "unprotected excess" means
31 the amount in excess of an amount set aside in a reserve account
32 for unanticipated contingencies, which may not exceed 10% of the
33 previous fiscal year's expenditure.

34 **§1999. Emergency taxes**

35 1. Emergency taxes permitted; conditions. The State or a
36 local district may impose emergency taxes only in accordance with
37 this section:

38 A. The tax must be approved for a specified time period by
39 a 2/3 majority of the members of each House of the
40 Legislature or by a 2/3 majority of the legislative body of
41 a local district;

2 B. Emergency tax revenue may be spent only after other
4 available reserves are depleted and must be refunded 180
6 days after the emergency ends if not spent on the emergency;
8 and

6 C. The tax must be submitted for approval by the voters at
8 the next statewide or districtwide election.

10 2. Absence of approval. If not approved by the voters as
12 provided in this section, an emergency tax expires 30 days
14 following the election.

14 Individual or class action lawsuits may be filed to enforce
16 this chapter and must be given the highest civil priority for
18 resolution. Successful plaintiffs are allowed costs and
20 reasonable attorney's fees, but a district is not unless a suit
22 against it is ruled frivolous. Revenue collected, kept or spent
24 in conflict with this chapter for 4 full fiscal years before a
26 suit is filed must be refunded with 10% annual simple interest
28 from the initial conduct.

22 **Sec. A-9. 36 MRSA §3321, sub-§5** is enacted to read:

24 5. Voter approval. Beginning on the July 1st following the
26 effective date of this subsection, a change in the rate of excise
28 tax resulting from the adjustment required in subsection 1 may
30 only take effect if approved by a majority of the voters at a
32 regular or special election.

30 **Sec. A-10. Maine Budget Stabilization Fund.** The Maine Budget
32 Stabilization Fund established in the Maine Revised Statutes,
34 Title 5, section 1521 is the successor in every way to the Maine
36 Budget Stabilization Fund established under Title 5, section 1513
38 that is repealed in this Act. All funds in the Maine Budget
40 Stabilization Fund established under Title 5, section 1513 are
42 transferred to the Maine Budget Stabilization Fund established in
44 Title 5, section 1521 on the effective date of this Act.

40 **Sec. A-11. Legislative intent; relationship to private and special**
42 **laws.** It is the intent of the Legislature that the provisions of
44 this Act supersede any conflicting provisions of private and
46 special law relating to the determination of revenue, fees and
48 expenditures.

46 **Sec. A-12. Legislative intent; relationship to county tax and budget**
48 **laws.** It is the intent of the Legislature that the provisions of
50 this Act supersede any conflicting provisions of the Maine
Revised Statutes, Title 30-A, chapter 3 relating to the
assessment of county taxes and county expenditures.' '

SENATE AMENDMENT **G** to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1

Further amend the amendment by striking out all of Parts F, G, H and I.

Further amend the amendment by inserting after Part I the following:

PART J

Sec. J-1. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Maine Revenue Services 0002

Initiative: Provides funds for one Tax Examiner position and related costs associated with the expansion of the Maine Residents Property Tax Program, including one-time funds for computer programming costs.

GENERAL FUND	2005-06	2006-07
POSITIONS - LEGISLATIVE COUNT	1.000	1.000
Personal Services	\$52,529	\$56,513
All Other	\$109,517	\$85,002
GENERAL FUND TOTAL	\$162,046	\$141,515'

Further amend the amendment by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment strikes the emergency and Parts A to D and F to I. The amendment retains Part E of the majority report. The amendment also adds a new part that restrains the growth in state and local government by imposing expenditure limitations on state and local government and by requiring a procedure of voter approval of tax and fee increases.

Under this amendment, growth in annual expenditures of the General Fund, the Highway Fund, quasi-governmental organizations, Other Special Revenue funds and local district governments are limited according to increases in population and inflation. Growth in budgets of school administrative units and state-level educational institutions is limited according to increases in inflation and student enrollment. For the General Fund and Highway Fund budgets, revenues exceeding the expenditure

R. NASS

SENATE AMENDMENT "6" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1

2 limitation must be distributed by directing 20% of that excess to
3 a budget stabilization fund and 80% of that excess to a tax
4 relief fund. The budget stabilization funds may be used only in
5 years when revenues are not sufficient to fund the level of
6 expenditure permitted by the growth limits. The tax relief funds
7 must be used to provide tax relief through refunds proportional
8 to individual income tax personal exemptions claimed in the
9 previous tax year or a decrease in motor fuels taxes. For
10 quasi-governmental agencies and state agencies that manage Other
11 Special Revenue funds, the managers of those funds must report
12 excess surpluses to the Legislature with a plan for refund of
13 those revenues.

14 Under this amendment, an increase in revenue would be
15 possible only by a 2/3 vote of each House of the Legislature or
16 the legislative body of a local district or the governing body of
17 a quasi-governmental agency and the approval of the voters of the
18 jurisdiction, if applicable.

20

FISCAL NOTE REQUIRED
(See attached)

22

24

26

SPONSORED BY: Richard A. Nass
(Senator R. NASS)

28

30

COUNTY: York

32

SENATE AMENDMENT



122nd MAINE LEGISLATURE

LD 1

LR 0328(29)

An Act to Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels

Fiscal Note for Senate Amendment **G** to Committee Amendment "A"

Sponsor: Sen. Nass

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	(\$13,044,353)	\$853,168	(\$13,650,429)	(\$19,990,274)
Appropriations/Allocations				
General Fund	(\$13,529,671)	(\$443,524)	(\$14,932,676)	(\$21,278,107)
Other Special Revenue Funds	(\$6,962,382)	(\$6,194,152)	(\$14,552,541)	(\$20,730,626)
Revenue				
General Fund	(\$485,318)	(\$1,296,692)	(\$1,282,247)	(\$1,287,833)
Other Special Revenue Funds	(\$26,620)	(\$71,126)	(\$70,334)	(\$70,640)

Fiscal Detail and Notes

This amendment decreases the cost of the bill by \$13,044,353 in fiscal year 2005-06 and increases the cost of the bill by \$853,168 in fiscal year 2006-07. This amendment also replaces the spending and tax levy limitations with different spending and tax limitations. The limitations on state expenditures apply to all state funds, including the Highway Fund and various dedicated funds. General Fund reserve funds are also changed and a new Highway Budget Stabilization Fund is created. Revenues in excess of the limitations are reserved and processes are established to return these excess revenues to taxpayers. The Legislature may spend available excess revenue and increase revenue by certain voting requirements. The net impact of these limitations on state appropriations and allocations during the 2006-2007 biennium can not be determined at this time.

General Fund Detail Cost/(Savings)	2005-06	2006-07	Projections	
			2007-08	2008-09
GPA	(\$6,463,417)	\$5,963,417	\$0	\$0
Efficient Delivery of Educational Services	(\$6,962,382)	(\$6,194,152)	(\$14,552,541)	(\$20,730,626)
State Planning - Net change	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)
Maine Revenue Services - Net Change	\$0	\$0	\$0	\$0
Homestead - Net change	(\$53,872)	(\$162,789)	(\$330,135)	(\$497,481)
Circuit Breaker - Net change	\$0	\$838,328	\$812,204	\$807,037
Individual Income Tax - Net change	\$485,318	\$458,364	\$470,043	\$480,796
	<u>(\$13,044,353)</u>	<u>\$853,168</u>	<u>(\$13,650,429)</u>	<u>(\$19,990,274)</u>