

# MAINE STATE LEGISLATURE

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# 122nd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2005

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Legislative Document

No. 292

H.P. 217

House of Representatives, January 18, 2005

### An Act To Establish a New Method of Determining the State Budget

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Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative JOY of Crystal.

Cosponsored by Representatives: CROSTHWAITE of Ellsworth, GLYNN of South Portland, HOTHAM of Dixfield, McKENNEY of Cumberland.

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

2  
4       **Sec. 1. 5 MRSA §1665, sub-§1**, as amended by PL 2003, c. 451, Pt. X, §9, is further amended to read:

6       **1. Expenditure and appropriation requirements.** On or  
8 before September 1st of the ~~even-numbered~~ odd-numbered years, all  
10 departments and other agencies of the State Government and  
12 corporations and associations receiving or desiring to receive  
14 state funds under the provisions of law shall prepare, in the  
16 manner prescribed by and on blanks furnished them by the State  
18 Budget Officer, and submit to the officer estimates of their  
20 expenditure and appropriation requirements for each fiscal year  
22 of the ensuing biennium contrasted with the corresponding figures  
24 of the last completed fiscal year and the estimated figures for  
26 the current fiscal year. The total General Fund appropriation  
28 requests submitted by each department and agency for each fiscal  
30 year may not exceed the General Fund appropriation of the  
32 previous fiscal year multiplied by one plus the average real  
34 personal income growth rate. For purposes of this subsection,  
"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 Index for  
that calendar year. For purposes of this subsection, "Consumer  
Price Index" has the same meaning as in Title 36, section 5402,  
subsection 1. The expenditure estimates ~~shall~~ must be classified  
to set forth the data by funds, organization units, character and  
objects of expenditure. The organization units may be  
subclassified by functions and activities, or in any other  
manner, at the discretion of the State Budget Officer.

36       **Sec. 2. 5 MRSA §1665, sub-§7**, as repealed and replaced by PL  
1999, c. 127, Pt. A, §6 and affected by §7, is amended to read:

38       **7. General Fund and Highway Fund revenue and expenditure**  
40 **forecasts.** By September 30th of each ~~even-numbered~~ odd-numbered  
42 year, the State Budget Officer shall prepare and deliver a report  
44 to the Governor, the Legislature and the joint standing committee  
46 of the Legislature having jurisdiction over appropriations and  
48 financial affairs containing a forecast of revenue and  
50 expenditures for the following biennium. The forecast must  
assume the continuation of current laws and include reasonable  
and predictable estimates of growth in revenues and expenditures  
based on national and local trends and program operations.  
General Fund and Highway Fund revenue must be forecasted by  
income source as provided in chapter 151-B. Expenditure  
forecasts for the General Fund and the Highway Fund must be

2 forecasted on the basis of current law and assumed inflation  
3 variables related to program operations. The forecast for the  
4 General Fund and the Highway Fund must be presented in a budget  
5 fund flow statement and a comparative statement showing each  
6 income source for revenue projections and expenditure estimates  
for each major program category.

8 **Sec. 3. 5 MRSA §1666, first ¶,** as amended by PL 1993, c. 707,  
9 Pt. R, §1, is further amended to read:

10  
11 The Governor-elect or the Governor, with the assistance of  
12 the State Budget Officer, shall review the budget estimates,  
13 altering, revising, increasing or decreasing the items of the  
14 estimates as may be determined necessary in view of the needs of  
15 the various departments and agencies and the total anticipated  
16 income of the State Government during the ensuing biennium. This  
17 review must cover all budgets regardless of source of funds,  
18 including, but not limited to, budgets related to the Highway  
19 Fund, the Federal Revenue Sharing Fund and other special revenue  
20 funds. The State Budget Officer, at the direction of the  
21 Governor-elect or the Governor, shall then prepare a state budget  
22 document in the form required by law. The Governor-elect or the  
23 Governor is fully responsible for all budgetary recommendations  
24 made to the Legislature. The Governor shall transmit the budget  
25 document to the Legislature not later than the Friday following  
26 the first Monday in ~~January~~ December of the ~~first~~ second regular  
27 legislative session. At that time the Governor shall also  
28 transmit any biennial budget bills that authorize appropriations  
29 or allocations in the upcoming biennium that the Governor may  
30 wish to propose as well as any emergency bills that authorize  
31 additional appropriations or allocations in the current fiscal  
32 year that the Governor may wish to propose. A Governor-elect  
33 elected to a first term of office shall transmit the budget  
34 document to the Legislature not later than the Friday following  
35 the first Monday in ~~February~~ January of the ~~first~~ second regular  
36 legislative session. At that time the Governor-elect shall also  
37 transmit any biennial budget bills that authorize appropriations  
38 or allocations in the upcoming biennium that the Governor may  
39 wish to propose as well as any emergency bills that authorize  
40 additional appropriations or allocations in the current fiscal  
41 year that the Governor may wish to propose.

42  
43 **Sec. 4. 5 MRSA §1666-A,** as enacted by PL 1995, c. 113, §1, is  
44 amended to read:

45 **§1666-A. Enactment of budget**

46  
47 The Legislature shall review a biennial or supplemental  
48 budget submitted to it in accordance with this chapter and enact  
49 a budget no later than 30 days prior to the date of adjournment  
50

2 prescribed in Title 3, section 2, except that, during the first  
year in office of a Governor-elect, the Legislature shall enact a  
budget no later than the first Friday in ~~June~~ April.

4  
**Sec. 5. Application.** For the fiscal year beginning on July 1,  
6 2007, the budget of the State must provide for a complete  
financial plan for one fiscal year. Those sections of this Act  
8 that amend the Maine Revised Statutes, Title 5, sections 1665,  
1666 and 1666-A take effect July 1, 2008.

10  
12 **SUMMARY**

14 This bill shifts the start of the fiscal biennium for the  
state budget from the first regular session of the Legislature to  
16 the second regular session of the Legislature, beginning for the  
fiscal year that begins on July 1, 2008. This bill also provides  
18 that the state budget beginning on July 1, 2007 is a one-year  
budget.