



122nd MAINE LEGISLATURE

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Legislative Document

No. 1109

H.P. 762

House of Representatives, March 1, 2005

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

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

Millient M. Mac Jarland

MILLICENT M. MacFARLAND Clerk

Presented by Representative KAELIN of Winterport.

Cosponsored by Representative CRESSEY of Cornish, Senators: COURTNEY of York, DAVIS of Piscataquis, MILLS of Somerset, NASS of York, SNOWE-MELLO of Androscoggin, Senator WESTON of Waldo and Representatives: BOWEN of Rockport, CAMPBELL of Newfield, CURLEY of Scarborough, DUPREY of Hampden, FLOOD of Winthrop, LEWIN of Eliot, MILLETT of Waterford,

TRAHAN of Waldoboro.

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

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

- Section 24. Limitation on growth of state budget. The 8 Legislature shall establish a General Fund expenditure ceiling that limits the growth of General Fund appropriations, excluding 10 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 12 section, "average real personal income growth rate" means the 14 average for the prior 10 calendar years, ending with the most recent calendar year for which data is available, of the 16 percentage change in personal income in this State for a calendar year, as estimated by the United States Department of Commerce, 18 Bureau of Economic Analysis, less the percentage change in the Consumer Price Index for that calendar year. As used in this 20 section, "average forecasted inflation rate" means the average forecasted change in the Consumer Price Index underlying the 22 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 24 Index, not seasonally adjusted, published monthly by the United 26 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 28 excess of this ceiling may be authorized during any legislative 30 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 32 reasons therefor. Twenty percent of the amount of General Fund 34 revenues that exceeds the limit on General Fund expenditures established in this section must be transferred to a capital 36 construction and improvements reserve fund up to a maximum of \$50,000,000. Eighty percent of the amount of General Fund 38 revenues that exceeds the limit on General Fund expenditures established in this section must be transferred to a budget 40 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 42 and improvements reserve fund or a budget stabilization fund must be used as follows: 75% of the amount must be transferred to 44 reduce the unfunded liabilities of the Maine State Retirement System and 25% of the amount must be transferred to a tax 46 conformity reserve fund established for the purpose of conforming 48 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 50 returned to the taxpayers of this State.
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; and be it further

2 Constitutional referendum procedure; form of question; effective date. Resolved: That the municipal officers of this State shall 4 notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding 6 a statewide election, at a statewide election on the Tuesday following the first Monday of November following the passage of 8 this resolution, to vote upon the ratification of the amendment proposed in this resolution by voting upon the following question: 10

amending the Constitution of Maine "Do you favor to 12 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 14 forecasted inflation rate, to require a 2/3 vote of the 16 Legislature to approve General Fund expenditures that exceed require that this ceiling and to surplus funds be distributed: first, to capital construction and 18 а improvements reserve fund and a budget stabilization fund; 20 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 22 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 26 cross or check mark placed within the corresponding square below 28 the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings 30 and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review 32 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 34 Constitution of Maine on the date of the proclamation; and be it 36 further

38 Secretary of State shall prepare ballots. Resolved: That the Secretary of State shall prepare and furnish to each city, town 40 and plantation all ballots, returns and copies of this resolution necessary to carry out the purposes of this referendum.

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46 This constitutional resolution establishes a ceiling on 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, requires a 2/3 vote of the Legislature 50 to approve General Fund expenditures that exceed this ceiling and

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requires that surplus funds be distributed: first, to a capital construction and improvements reserve fund and a budget stabilization fund; 2nd, to reduce the unfunded liability 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 the State of Maine.