

# MAINE STATE LEGISLATURE

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# 122nd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2005

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Legislative Document

No. 1109

H.P. 762

House of Representatives, March 1, 2005

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

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

*Millicent M. MacFarland*  
MILLCENT 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.

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

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

8           **Section 24. Limitation on growth of state budget.** The  
10 Legislature shall establish a General Fund expenditure ceiling  
12 that limits the growth of General Fund appropriations, excluding  
14 federal funds received by the General Fund, to a percentage rate  
16 equal to 2/3 of the average real personal income growth rate plus  
18 2/3 of the average forecasted inflation rate. As used in this  
20 section, "average real personal income growth rate" means the  
22 average for the prior 10 calendar years, ending with the most  
24 recent calendar year for which data is available, of the  
26 percentage change in personal income in this State for a calendar  
28 year, as estimated by the United States Department of Commerce,  
30 Bureau of Economic Analysis, less the percentage change in the  
32 Consumer Price Index for that calendar year. As used in this  
34 section, "average forecasted inflation rate" means the average  
36 forecasted change in the Consumer Price Index underlying the  
38 revenue projections developed by a revenue forecasting  
40 committee. As used in this section, "Consumer Price Index" means  
42 the average over a 12-month period of the National Consumer Price  
44 Index, not seasonally adjusted, published monthly by the United  
46 States Department of Labor, Bureau of Labor Statistics,  
48 designated as the "National Consumer Price Index for All Urban  
50 Consumers: United States City Average." No appropriations in  
52 excess of this ceiling may be authorized during any legislative  
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  
reasons therefor. Twenty percent of the amount of General Fund  
revenues that exceeds the limit on General Fund expenditures  
established in this section must be transferred to a capital  
construction and improvements reserve fund up to a maximum of  
\$50,000,000. Eighty percent of the amount of General Fund  
revenues that exceeds the limit on General Fund expenditures  
established in this section must be transferred to a budget  
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  
and improvements reserve fund or a budget stabilization 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. In the event any or all of the above obligations are  
satisfied, any excess amounts of General Fund revenues must be  
returned to the taxpayers of this State.

; and be it further



2 requires that surplus funds be distributed: first, to a capital  
construction and improvements reserve fund and a budget  
4 stabilization fund; 2nd, to reduce the unfunded liability of the  
Maine State Retirement System and to conform Maine tax law with  
6 the United States Internal Revenue Code; and 3rd, to the people  
of the State of Maine.