

# MAINE STATE LEGISLATURE

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Date: 6/19/17

*Minority*  
**TAXATION**

L.D. 1632  
(Filing No. H-613)

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
123RD LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1140, L.D. 1632, Bill, "An Act To  
Impose Reasonable Limits on the Growth of State Government"

Amend the bill by incorporating the attached fiscal note.

**SUMMARY**

This amendment incorporates a fiscal note.

**COMMITTEE AMENDMENT**



# 123rd MAINE LEGISLATURE

LD 1632

LR 627(02)

## An Act To Impose Reasonable Limits on the Growth of State Government

Fiscal Note for Bill as Amended by Committee Amendment "A"  
Committee: Taxation  
Fiscal Note Required: Yes

### Fiscal Note

Undetermined Current Biennium Fiscal Impact - General Fund  
Undetermined Current Biennium Fiscal Impact - Highway Fund

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$5,685	\$11,384	\$17,096
Highway Fund	\$0	\$5,064,721	\$10,289,191	\$15,363,411
<b>Revenue</b>				
General Fund	\$0	(\$5,685)	(\$11,384)	(\$17,096)
Highway Fund	\$0	(\$5,064,721)	(\$10,289,191)	(\$15,363,411)
Other Special Revenue Funds	\$0	(\$99,594)	(\$199,425)	(\$299,491)

#### Fiscal Detail and Notes

Based on current estimates of inflation and population change, the State spending limit is estimated to allow growth of approximately 2.8% from the prior fiscal year's expenditures in fiscal years 2007-08 and 2008-09. Based on the assumption that the spending limit uses fiscal year 2006-07 spending, which is assumed to equal appropriations and allocations, the General Fund spending limit is projected to be below projections of General Fund revenue. That excess General Fund revenue would remain in unappropriated surplus. For the Highway Fund, the spending limit based on current projections and fiscal year 2006-07 allocations, would be above projections of Highway Fund revenue in each year of the 2008-2009 biennium. The actual spending limitation for fiscal year 2007-08 will not be established until final expenditures for each of the funds is established.

Based on the projected growth under current law of some of the General Fund major programs including General Purpose Aid for Local Schools, Teachers' Retirement and Medicaid/MaineCare, the 123rd Legislature will need to reduce funding from current projections of needs or implement the statutory changes necessary to adjust funding to stay within the spending limits.

This bill amends the year-end transfers from the unappropriated surplus of the General Fund. It repeals the transfers to the State Contingent Account of up to \$350,000 and the Loan Insurance Reserve within the Finance Authority of Maine of up to \$1,000,000. For the General Fund and the Highway Fund, it requires at the close of each fiscal year that 80% of any state surplus must be used for tax relief and the remaining 20% must go to General Fund and Highway Fund Budget Stabilization Funds and only be used if revenues are not sufficient to fund the level of expenditure permitted by the growth limits.

This legislation also affects the annual indexing of motor fuels beginning in fiscal year 2008-09 resulting in a Highway Fund revenue loss of \$5,064,721 in fiscal year 2008-09 and a General Fund revenue loss of \$5,685 in fiscal year 2008-09.

The legislation also requires a 2/3s vote of the Legislature for all tax and fee increases followed by a majority approval by voters in a referendum. If a measure is submitted to the voters for approval of an increase in revenues or expenditures over the limit, the State will be required to reimburse local districts for certain election costs.

This legislation also provides revenue and expenditure limitations for quasi-governmental agencies and requires the approval of 2/3s of the members of the legislative body of those agencies that have legislative bodies to increase certain revenues or exceed the expenditure limit. Agencies that are affected by this legislation include the Child Development Services System, the Finance Authority of Maine, the Governor Baxter School for the Deaf, the Loring Development Authority, the Maine Community College System, the Maine Educational Loan Authority, Maine Maritime Academy, the Maine Port Authority, the Maine Municipal Bond Bank, the Maine State Housing Authority, the Northern New England Passenger Rail Authority, the University of Maine System, the Maine State Retirement System, the Maine Health and Higher Educational Facilities Authority and the Maine Governmental Facilities Authority.