

MAINE STATE LEGISLATURE

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Date: 6-20-07

(Filing No. H-628)

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

HOUSE AMENDMENT "I" to H.P. 1362, L.D. 1925, Bill, "An Act To Cut Taxes on Maine Residents by over \$140,000,000"

Amend the bill by striking out the title and substituting the following:

'An Act To Cut Taxes on Maine Residents'

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 36 MRSA §5111, first ¶, as amended by PL 1999, c. 731, Pt. T, §1, is further amended to read:

A tax is imposed ~~for each taxable year beginning on or after January 1, 2000,~~ on the Maine taxable income of every resident individual of this State. The amount of the tax is determined as provided in this section, except that the rates provided in this section for tax years beginning on or after January 1, 2008 must be adjusted as provided by section 5111-C.

Sec. 2. 36 MRSA §5111-C is enacted to read:

§5111-C. Reductions in individual income tax rates

1. Highest rates reduced. For tax years beginning on or after January 1, 2008, the 8.5% tax rate on the top tax brackets contained in section 5111, subsections 1-B, 2-B and 3-B must be adjusted as follows.

A. For tax years beginning in 2008 and 2009, the tax rate that was applicable in the immediately preceding tax year must be reduced by 1.5%.

B. For a tax year beginning in 2010, the tax rate that was applicable in the immediately preceding tax year must be reduced by 1%.

C. For a tax year beginning in 2011 or after, the tax rate is 4.5%.

2. Second-highest rates reduced. For tax years beginning on or after January 1, 2009, the 7% tax rate on the second-highest tax brackets contained in section 5111, subsections 1-B, 2-B and 3-B must be adjusted as follows.

HOUSE AMENDMENT

- 1 A. For a tax year beginning in 2009, the tax rate that was applicable in the
- 2 immediately preceding tax year must be reduced by 1.5%.
- 3 B. For a tax year beginning in 2010, the tax rate that was applicable in the
- 4 immediately preceding tax year must be reduced by 1%.
- 5 C. For a tax year beginning in 2011 or after, the tax rate is 4.5%.

6 **3. Forms, instructions and tables.** The State Tax Assessor shall incorporate the
7 changes arising from this section into the forms, instructions, rate schedules and
8 withholding tables for the appropriate tax years.

9 **Sec. 3. Transfer of funds; Department of Professional and Financial**
10 **Regulation.** Notwithstanding any other provision of law, the State Controller shall
11 transfer \$2,500,000 from various accounts within the Other Special Revenue Funds
12 accounts of the Department of Professional and Financial Regulation to the
13 unappropriated surplus of the General Fund no later than June 30, 2008. Notwithstanding
14 any other provision of law, the State Controller shall transfer \$2,500,000 from various
15 accounts within the Other Special Revenue Funds accounts of the Department of
16 Professional and Financial Regulation to the unappropriated surplus of the General Fund
17 no later than June 30, 2009.

18 **Sec. 4. Transfer of funds; Department of Administrative and Financial**
19 **Services.** Notwithstanding any other provision of law, the State Controller shall transfer
20 \$8,000,000 from the Financial and Personnel Services Fund Internal Service Fund within
21 the Department of Administrative and Financial Services to the unappropriated surplus of
22 the General Fund no later than June 30, 2008. Notwithstanding any other provision of
23 law, the State Controller shall transfer \$8,000,000 from the Financial and Personnel
24 Services Fund Internal Service Fund within the Department of Administrative and
25 Financial Services to the unappropriated surplus of the General Fund no later than June
26 30, 2009.

27 **Sec. 5. Calculation and transfer; General Fund savings; Department of**
28 **Health and Human Services.** Notwithstanding any other provision of law, the State
29 Budget Officer shall calculate the amount of departmentwide savings identified in this
30 Act in the Department of Health and Human Services related to the privatization of
31 contract services that applies to each applicable General Fund account in the department
32 and shall transfer the amounts by financial order upon the approval of the Governor.
33 These transfers are considered adjustments to appropriations in fiscal year 2007-08 and
34 fiscal year 2008-09.

35 **Sec. 6. Calculation and transfer; General Fund savings; Department of**
36 **Health and Human Services.** Notwithstanding any other provision of law, the State
37 Budget Officer shall calculate the amount of departmentwide savings identified in this
38 Act in the Department of Health and Human Services related to the provision of health
39 services that applies to each applicable General Fund account in the department and shall
40 transfer the amounts by financial order upon the approval of the Governor. These
41 transfers are considered adjustments to appropriations in fiscal year 2007-08 and fiscal
42 year 2008-09.

H. 400

1 **Sec. 7. Calculation and transfer; General Fund savings; Department of**
2 **Economic and Community Development.** Notwithstanding any other provision of
3 law, the State Budget Officer shall calculate the amount of savings in the Department of
4 Economic and Community Development related to the departmentwide savings identified
5 in this Act that applies to each applicable General Fund account in the department and
6 shall transfer the amounts by financial order upon the approval of the Governor. These
7 transfers are considered adjustments to appropriations in fiscal year 2007-08 and fiscal
8 year 2008-09.

9 **Sec. 8. Calculation and transfer; General Fund savings; Legislature.**
10 Notwithstanding any other provision of law, the State Budget Officer shall calculate the
11 amount of savings in the Legislature related to the unallocated savings identified in this
12 Act that applies to each applicable General Fund line category in the department and shall
13 transfer the amounts by financial order upon the approval of the Governor. These
14 transfers are considered adjustments to appropriations in fiscal year 2007-08 and fiscal
15 year 2008-09.

16 **Sec. 9. Calculation and transfer; General Fund savings; Department of**
17 **Environmental Protection.** Notwithstanding any other provision of law, the State
18 Budget Officer shall calculate the amount of savings in the Department of Environmental
19 Protection related to the departmentwide savings identified in this Act that applies to each
20 applicable General Fund account in the department and shall transfer the amounts by
21 financial order upon the approval of the Governor. These transfers are considered
22 adjustments to appropriations in fiscal year 2007-08 and fiscal year 2008-09.

23 **Sec. 10. Calculation and transfer; General Fund savings; Department of**
24 **Education.** Notwithstanding any other provision of law, the State Budget Officer shall
25 calculate the amount of savings in the Department of Education related to the
26 departmentwide savings identified in this Act that applies to each applicable General
27 Fund account in the department and shall transfer the amounts by financial order upon the
28 approval of the Governor. These transfers are considered adjustments to appropriations in
29 fiscal year 2007-08 and fiscal year 2008-09.

30 **Sec. 11. Calculation and transfer; General Fund savings; Department of**
31 **Administrative and Financial Services.** Notwithstanding any other provision of
32 law, the State Budget Officer shall calculate the amount of savings in the Department of
33 Administrative and Financial Services related to the departmentwide savings in public
34 building costs identified in this Act that applies to each applicable General Fund account
35 in the department and shall transfer the amounts by financial order upon the approval of
36 the Governor. These transfers are considered adjustments to appropriations in fiscal year
37 2007-08 and fiscal year 2008-09.

38 **Sec. 12. Calculation and transfer; General Fund savings; Department of**
39 **Administrative and Financial Services.** Notwithstanding any other provision of
40 law, the State Budget Officer shall calculate the amount of savings in the Department of
41 Administrative and Financial Services related to the departmentwide savings from
42 information technology costs identified in this Act that applies to each applicable General
43 Fund account in the applicable agency or department and shall transfer the amounts by

H. 948

1 financial order upon the approval of the Governor. These transfers are considered
2 adjustments to appropriations in fiscal year 2007-08 and fiscal year 2008-09.

3 **Sec. 13. Transfer of funds; Department of Administrative and Financial**
4 **Services.** Notwithstanding any other provision of law, the State Controller shall transfer
5 \$1,300,000 from the Central Fleet Management program of the Department of
6 Administrative and Financial Services to the unappropriated surplus of the General Fund
7 no later than June 30, 2008. Notwithstanding any other provision of law, the State
8 Controller shall transfer \$1,300,000 from the Central Fleet Management program of the
9 Department of Administrative and Financial Services to the unappropriated surplus of the
10 General Fund no later than June 30, 2009.

11 **Sec. 14. Transfer of funds; Department of Administrative and Financial**
12 **Services.** Notwithstanding any other provision of law, the State Controller shall transfer
13 \$25,615,728 from the unappropriated surplus of the General Fund to the Maine Budget
14 Stabilization Fund established by the Maine Revised Statutes, Title 5, section 1532 no
15 later than June 30, 2008. Notwithstanding any other provision of law, the State
16 Controller shall transfer \$25,615,728 from the unappropriated surplus of the General
17 Fund to the Retirement Allowance Fund established by Title 5, section 17251 no later
18 than June 30, 2008. Notwithstanding any other provision of law, the State Controller
19 shall transfer \$12,807,864 from the unappropriated surplus of the Reserve for General
20 Fund Operating Capital no later than June 30, 2008.

21 **Sec. 15. Application.** This Act applies to tax years beginning on or after January
22 1, 2008.

23 **Sec. 16. Appropriations and allocations.** The following appropriations and
24 allocations are made.

25 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

26 **Central Fleet Management 0703**

27 Initiative: Deallocates funds from Central Fleet Management.

28	CENTRAL MOTOR POOL	2007-08	2008-09
29	Unallocated	(\$1,300,000)	(\$1,300,000)
30			
31	CENTRAL MOTOR POOL TOTAL	(\$1,300,000)	(\$1,300,000)

32 **Executive Branch Departments and Independent Agencies - Statewide 0017**

33 Initiative: Deappropriates funds in the Executive Branch Departments and Independent
34 Agencies - Statewide program from anticipated savings in information technology.

35	GENERAL FUND	2007-08	2008-09
36	Unallocated	(\$7,000,000)	(\$7,000,000)
37			

HOUSE AMENDMENT "I" to H.P. 1362, L.D. 1925

1 GENERAL FUND TOTAL (\$7,000,000) (\$7,000,000)

2 **Executive Branch Departments and Independent Agencies - Statewide 0017**

3 Initiative: Deappropriates funds in the Executive Branch Departments and Independent
4 Agencies - Statewide program from anticipated savings in public buildings.

5	GENERAL FUND	2007-08	2008-09
6	Unallocated	(\$28,000,000)	(\$28,000,000)
7			
8	GENERAL FUND TOTAL	<u>(\$28,000,000)</u>	<u>(\$28,000,000)</u>

9 **Financial and Personnel Services - Division of 0713**

10 Initiative: Deallocates funds from the Financial and Personnel Services Fund.

11	FINANCIAL AND PERSONNEL SERVICES	2007-08	2008-09
12	FUND		
13	Unallocated	(\$8,000,000)	(\$8,000,000)
14			
15	FINANCIAL AND PERSONNEL SERVICES FUND	<u>(\$8,000,000)</u>	<u>(\$8,000,000)</u>
16	TOTAL		

17 **ADMINISTRATIVE AND FINANCIAL**
18 **SERVICES, DEPARTMENT OF**
19 **DEPARTMENT TOTALS**

20		2007-08	2008-09
21	GENERAL FUND	(\$35,000,000)	(\$35,000,000)
22	FINANCIAL AND PERSONNEL SERVICES	(\$8,000,000)	(\$8,000,000)
23	FUND		
24	CENTRAL MOTOR POOL	(\$1,300,000)	(\$1,300,000)
25			
26	DEPARTMENT TOTAL - ALL FUNDS	<u>(\$44,300,000)</u>	<u>(\$44,300,000)</u>

27 **ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF**

28 **Departmentwide 0019**

29 Initiative: Deappropriates funds from departmentwide activities.

30	GENERAL FUND	2007-08	2008-09
31	Unallocated	(\$11,000,000)	(\$11,000,000)

P. 88.

HOUSE AMENDMENT "F" to H.P. 1362, L.D. 1925

1			
2	GENERAL FUND TOTAL	(\$11,000,000)	(\$11,000,000)

3	ECONOMIC AND COMMUNITY		
4	DEVELOPMENT, DEPARTMENT OF		
5	DEPARTMENT TOTALS	2007-08	2008-09
6			
7	GENERAL FUND	(\$11,000,000)	(\$11,000,000)
8			
9	DEPARTMENT TOTAL - ALL FUNDS	(\$11,000,000)	(\$11,000,000)

10 EDUCATION, DEPARTMENT OF

11 Learning Systems 0839

12 Initiative: Deappropriates funds in the Learning Systems program from anticipated
13 savings in support and learning programs.

14	GENERAL FUND	2007-08	2008-09
15	Unallocated	(\$500,000)	(\$500,000)
16			
17	GENERAL FUND TOTAL	(\$500,000)	(\$500,000)

18 EDUCATION, DEPARTMENT OF

19 DEPARTMENT TOTALS

20		2007-08	2008-09
21	GENERAL FUND	(\$500,000)	(\$500,000)
22			
23	DEPARTMENT TOTAL - ALL FUNDS	(\$500,000)	(\$500,000)

24 ENVIRONMENTAL PROTECTION, DEPARTMENT OF

25 Departmentwide 0019

26 Initiative: Deappropriates funds from anticipated savings.

27	GENERAL FUND	2007-08	2008-09
28	Unallocated	(\$4,800,000)	(\$4,800,000)
29			
30	GENERAL FUND TOTAL	(\$4,800,000)	(\$4,800,000)

HOUSE AMENDMENT

1	ENVIRONMENTAL PROTECTION,		
2	DEPARTMENT OF		
3	DEPARTMENT TOTALS	2007-08	2008-09
4			
5	GENERAL FUND	(\$4,800,000)	(\$4,800,000)
6			
7	DEPARTMENT TOTAL - ALL FUNDS	(\$4,800,000)	(\$4,800,000)
8	HEALTH AND HUMAN SERVICES, DEPARTMENT OF (FORMERLY DHS)		
9	Departmentwide 0640		
10	Initiative: Deappropriates funds in the Departmentwide program from anticipated		
11	savings resulting from the privatization of contract services.		
12	GENERAL FUND	2007-08	2008-09
13	Unallocated	(\$66,000,000)	(\$66,000,000)
14			
15	GENERAL FUND TOTAL	(\$66,000,000)	(\$66,000,000)
16	Departmentwide 0640		
17	Initiative: Deappropriates funds from anticipated savings in the provision of health		
18	services.		
19	GENERAL FUND	2007-08	2008-09
20	Unallocated	(\$27,000,000)	(\$27,000,000)
21			
22	GENERAL FUND TOTAL	(\$27,000,000)	(\$27,000,000)
23	HEALTH AND HUMAN SERVICES,		
24	DEPARTMENT OF (FORMERLY DHS)		
25	DEPARTMENT TOTALS	2007-08	2008-09
26			
27	GENERAL FUND	(\$93,000,000)	(\$93,000,000)
28			
29	DEPARTMENT TOTAL - ALL FUNDS	(\$93,000,000)	(\$93,000,000)
30	LEGISLATURE		
31	Legislature 0081		

HOUSE AMENDMENT "I" to H.P. 1362, L.D. 1925

1 Initiative: Deappropriates funds from anticipated savings in the Legislature program.


2	GENERAL FUND	2007-08	2008-09
3	Unallocated	(\$12,000,000)	(\$12,000,000)
4			
5	GENERAL FUND TOTAL	<u>(\$12,000,000)</u>	<u>(\$12,000,000)</u>
6	LEGISLATURE		
7	DEPARTMENT TOTALS	2007-08	2008-09
8			
9	GENERAL FUND	(\$12,000,000)	(\$12,000,000)
10			
11	DEPARTMENT TOTAL - ALL FUNDS	<u>(\$12,000,000)</u>	<u>(\$12,000,000)</u>
12	SECTION TOTALS	2007-08	2008-09
13			
14	GENERAL FUND	(\$156,300,000)	(\$156,300,000)
15	FINANCIAL AND PERSONNEL SERVICES	(\$8,000,000)	(\$8,000,000)
16	FUND		
17	CENTRAL MOTOR POOL	(\$1,300,000)	(\$1,300,000)
18			
19	SECTION TOTAL - ALL FUNDS	<u>(\$165,600,000)</u>	<u>(\$165,600,000)</u>

20

21 **SUMMARY**

22 This amendment strikes the bill and instead decreases the top 2 income tax rates over
 23 a 3-year period, beginning with tax year 2008, until both rates are 4.5%. These cuts in
 24 income tax rates are funded by deappropriations to various state agencies.

25 **FISCAL NOTE REQUIRED**
 26 (See attached)

27 **SPONSORED BY:** 
 28 (Representative LANSLEY)
 29 **TOWN: Sabattus**

HOUSE AMENDMENT



123rd MAINE LEGISLATURE

LD 1925

LR 2657(23)

An Act To Cut Taxes on Maine Residents by over \$140,000,000

Fiscal Note for House Amendment "I"

Sponsor: Rep. Lansley of Sabattus

Fiscal Note Required: Yes

Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
Net Cost (Savings)				
General Fund	(\$32,079,743)	\$31,998,482	\$152,701,857	\$208,326,994
Appropriations/Allocations				
General Fund	(\$157,395,164)	(\$189,503,556)	(\$189,730,184)	(\$190,339,339)
Other Special Revenue Funds	(\$8,000,000)	(\$8,000,000)	\$0	\$0
Revenue				
General Fund	(\$55,766,271)	(\$232,002,038)	(\$342,432,041)	(\$398,666,333)
Other Special Revenue Funds	(\$1,662,083)	(\$10,764,225)	(\$20,309,131)	(\$23,589,817)
Transfers				
General Fund	(\$69,549,150)	\$10,500,000	\$0	\$0
Other Special Revenue Funds	\$80,049,150	\$0	\$0	\$0

Fiscal Detail and Notes

This amendment decreases the General Fund cost of the bill by \$32,079,743 in fiscal year 2007-08 and increases the cost by \$31,998,482 in fiscal year 2008-09. This estimate of fiscal impact does not address the programmatic aspects of the various deappropriations.