

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

M  
P.S.  
○

L.D. 976

Date: 6/9/9

(Filing No. H-562)

minority  
TAXATION

Reproduced and distributed under the direction of the Clerk of the House.

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
124TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to I.B. 3, L.D. 976, Bill, "An Act To Provide Tax Relief"

Amend the bill by incorporating the attached fiscal note.

SUMMARY

This amendment incorporates a fiscal note.

COMMITTEE AMENDMENT



# 124th MAINE LEGISLATURE

LD 976

LR 1934(02)

## An Act To Provide Tax Relief

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

	2009-10	2010-11	Projections 2011-12	Projections 2012-13
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$0	\$4,254	\$10,223
Highway Fund	\$0	\$0	\$3,673,386	\$8,621,645
<b>Revenue</b>				
General Fund	\$0	\$0	(\$4,254)	(\$10,223)
Highway Fund	\$0	\$0	(\$3,673,386)	(\$8,621,645)
Other Special Revenue Funds	\$0	\$0	(\$372,360)	(\$878,132)

### State Mandates

#### Required Activity

Each municipality must use the cost center budget summary format and post the summary on website if the municipality has a website.

#### Unit Affected

Municipality

#### Local Cost

Moderate statewide

The required local activities in this bill may represent a State mandate pursuant to the Constitution of Maine. Unless General Fund appropriations are provided to fund at least 90% of the additional costs or a Mandate Preamble is amended to the bill and two-thirds of the members of each House vote to exempt this mandate from the funding requirement, municipalities may not be required to implement these changes.

### Fiscal Detail and Notes

The spending limits imposed by this bill are projected to allow growth in expenditures from prior year spending of 1.84% in fiscal year 2010-11, 3.22% in fiscal year 2011-12 and 3.15% in fiscal year 2012-13. Based on projections of General Fund and Highway Fund revenue in the May 2009 revenue forecast, these growth rates exceed the projected growth of revenue and recommended spending for these 2 major funds in fiscal year 2010-11.

General Fund revenue growth is projected to exceed the spending limits beginning in fiscal year 2012-13. Highway Fund revenue growth rates fall below the spending limits through fiscal year 2012-13. The extent to which the spending limits in this bill affect spending in the General Fund and Highway Fund will depend on the level of budgeted spending in any fiscal year. The limitation on the spending in this bill also applies to Other Special Revenue Funds of the State. The impact on those funding sources will vary significantly between the different accounts.

This legislation requires a statewide election involving all municipalities to adopt an increase in spending over the expenditure limitation or to approve any tax and fee increase. If a special election is held, the State is required to reimburse the municipalities for the cost of the election. Assuming a special election, the Secretary of State estimates the total cost at \$975,000. The legislation also requires the Secretary of State to send a notice to each active voter household providing information about the election. It is estimated that the maximum cost to produce and mail these notices would be \$434,400.

The annual indexing of motor fuels would become contingent on voter approval beginning in fiscal year 2010-11. Consequently, the budgeted revenue associated with indexing would be removed from baseline revenue forecasts. With the changes to indexing proposed in the Highway Fund Biennial Budget Bill, LD 333 as amended by the Joint Standing Committee on Transportation, this would have no effect on budgeted revenue in fiscal year 2010-11, but would decrease budgeted revenue beginning in fiscal year 2011-12. Budgeted Highway Fund revenue would decrease by \$3,673,386 in fiscal year 2011-12 and \$8,621,645 in fiscal year 2012-13. The contingent indexing would also decrease revenue to the General Fund and Other Special Revenue Funds of the Department of Inland Fisheries and Wildlife and the Department of Conservation.

This bill amends the year-end statutory 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. It also repeals transfers to the Retirement Allowance Fund, the Reserve for General Fund Operating Capital, the Retiree Health Insurance Internal Service Fund and the Capital Construction and Improvements Reserve Fund. The repeal of the current Maine Budget Stabilization Fund eliminates the funding source of the death benefit for law enforcement officers, firefighters and emergency medical services persons who die in the line of duty.

For the General Fund and the Highway Fund, the bill requires at the close of each fiscal year that 80% of any state surplus must be transferred to reserve funds to be used for tax relief and the remaining 20% must go to General Fund and Highway Fund Budget Stabilization Funds that may only be used if revenues are not sufficient to fund the level of expenditure permitted by the spending growth limits.

For state agencies that manage Other Special Revenue Funds, the managers of those funds must report excess surpluses to the Legislature with a plan for refund of those revenues.

If the balance in the Tax Relief Reserve Fund created in this bill funded by year-end transfers at the close of a fiscal year exceeds 1% of total General Fund expenditures, the Legislature must enact legislation by September 15th of that year to provide tax reductions. If the Legislature fails to enact legislation, the State Tax Assessor shall calculate a one-time bonus personal exemption refund.

If the Legislature calls itself into special session to enact legislation by the September 15th deadline, the Legislature will incur additional costs estimated to be \$55,000 per day. The number of additional special session days and the timing of the additional costs can not be estimated.

This bill creates the Highway Fund Reserve Fund to receive transfers by the State Controller of 80% unappropriated surplus of the Highway Fund at the close of a fiscal year. The remaining 20% of the unappropriated surplus of the Highway Fund will be transferred to Maine Highway Budget Stabilization Fund. If the amount in the Highway Fund Reserve Fund exceeds 1% of the Highway Fund expenditures for the previous fiscal year, the State Tax Assessor shall calculate a proportional reduction on motor fuel taxes to become effective the following January 1 and remain in effect for one calendar year.