

MAINE STATE LEGISLATURE

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R. O. S.

Date: 6/12/2013

(Filing No. S-269)

APPROPRIATIONS AND FINANCIAL AFFAIRS

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**STATE OF MAINE
SENATE
126TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 596, L.D. 1555, Bill, "An Act To Strengthen Maine's Hospitals and To Provide for a New Spirits Contract"

Amend the bill in Part B in section 2 in §6053 in subsection 1 in the 3rd line (page 8, line 4 in L.D.) by striking out the following: "\$188,500,000" and inserting the following: '\$183,500,000'

Amend the bill in Part B in section 2 in §6054 in subsection 3 in the 5th line (page 11, line 1 in L.D.) by inserting after the following: "including" the following: 'costs of administering the fund, the bonds and the ancillary obligations and'

Amend the bill in Part B in section 2 in §6054 in subsection 3 by striking out all of paragraph A (page 11, lines 9 to 11 in L.D.) and inserting the following:

'A. First, to the General Fund as undedicated revenue up to \$9,714,884 in the fiscal year ending June 30, 2015, \$9,639,000 in the fiscal year ending June 30, 2016 and \$9,817,000 in the fiscal year ending June 30, 2017;'

Amend the bill in Part B in section 2 in §6054 in subsection 4 in the 5th line (page 11, line 24 in L.D.) by inserting after the following: "including" the following: 'costs of administering the fund, the bonds and the ancillary obligations and'

Amend the bill in Part B in section 2 in §6054 in subsection 5 in the first paragraph in the last line (page 12, line 2 in L.D.) by inserting after the following: "basis to the State" the following: ', after payment of costs of administering the fund,'

Amend the bill in Part B by striking out all of section 3.

Amend the bill by inserting after Part C the following:

'PART D

Sec. D-1. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

COMMITTEE AMENDMENT

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1 **Alcoholic Beverages - General Operation 0015**

2 Initiative: Allocates funds to reflect the transfer of 50% of the costs of the Director
3 Alcoholic Beverages/Lottery Operations position and a Public Service Manager II
4 position and 100% of the costs of a Public Service Coordinator I position from the State
5 Lottery Fund to the State Alcoholic Beverage Fund and to provide funding for
6 administrative costs and contracts to operate the wholesale liquor business in the State.

7	STATE ALCOHOLIC BEVERAGE FUND	2013-14	2014-15
8	POSITIONS - LEGISLATIVE COUNT	0.000	1.000
9	Personal Services	\$0	\$210,462
10	All Other	\$0	\$11,533,800
11			
12	STATE ALCOHOLIC BEVERAGE FUND TOTAL	<u>\$0</u>	<u>\$11,744,262</u>

13 **Lottery Operations 0023**

14 Initiative: Deallocates funds to reflect the transfer of 50% of the costs of the Director
15 Alcoholic Beverages/Lottery Operations position and a Public Service Manager II
16 position and 100% of the costs of a Public Service Coordinator I position from the State
17 Lottery Fund to the State Alcoholic Beverage Fund.

18	STATE LOTTERY FUND	2013-14	2014-15
19	POSITIONS - LEGISLATIVE COUNT	0.000	(1.000)
20	Personal Services	\$0	(\$210,462)
21			
22	STATE LOTTERY FUND TOTAL	<u>\$0</u>	<u>(\$210,462)</u>

23 **Purchases - Division of 0007**

24 Initiative: Allocates funds for the costs associated with developing and reviewing the
25 request for proposals from potential bidders for contracts related to liquor sales and
26 operations.

27	OTHER SPECIAL REVENUE FUNDS	2013-14	2014-15
28	All Other	\$70,000	\$0
29			
30	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$70,000</u>	<u>\$0</u>

31 **ADMINISTRATIVE AND FINANCIAL**
32 **SERVICES, DEPARTMENT OF**
33 **DEPARTMENT TOTALS**

34		2013-14	2014-15
35	OTHER SPECIAL REVENUE FUNDS	\$70,000	\$0

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COMMITTEE AMENDMENT "A" to S.P. 596, L.D. 1555

1	STATE ALCOHOLIC BEVERAGE FUND	\$0	\$11,744,262
2	STATE LOTTERY FUND	\$0	(\$210,462)
3			
4	DEPARTMENT TOTAL - ALL FUNDS	<u>\$70,000</u>	<u>\$11,533,800</u>

5 ENVIRONMENTAL PROTECTION, DEPARTMENT OF
6 Land and Water Quality 0248

7 Initiative: Allocates funds for the state share to match available federal matching funds
8 for wastewater treatment projects.

9	OTHER SPECIAL REVENUE FUNDS	2013-14	2014-15
10	All Other	\$0	\$1,313,700
11			
12	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$0</u>	<u>\$1,313,700</u>

13 ENVIRONMENTAL PROTECTION,
14 DEPARTMENT OF
15 DEPARTMENT TOTALS

16		2013-14	2014-15
17	OTHER SPECIAL REVENUE FUNDS	\$0	\$1,313,700
18			
19	DEPARTMENT TOTAL - ALL FUNDS	<u>\$0</u>	<u>\$1,313,700</u>

20 HEALTH AND HUMAN SERVICES, DEPARTMENT OF (FORMERLY DHS)

21 Health - Bureau of 0143

22 Initiative: Allocates funds for the state share to match available federal matching funds
23 for drinking water projects.

24	OTHER SPECIAL REVENUE FUNDS	2013-14	2014-15
25	All Other	\$0	\$1,313,700
26			
27	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$0</u>	<u>\$1,313,700</u>

28 Health Care Liability Retirement Fund N157

29 Initiative: Authorizes the expenditure of bond proceeds from the sale of liquor operation
30 revenue bonds for the state share of payments to health care providers for services
31 provided prior to December 1, 2012.

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COMMITTEE AMENDMENT "A" to S.P. 596, L.D. 1555

1	OTHER SPECIAL REVENUE FUNDS	2013-14	2014-15
2	All Other	\$183,500,000	\$0
3			
4	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$183,500,000</u>	<u>\$0</u>

5 **Medical Care - Payments to Providers 0147**

6 Initiative: Allocates the federal share of payments to health care providers for services
7 provided prior to December 1, 2012.

8	FEDERAL EXPENDITURES FUND	2013-14	2014-15
9	All Other	\$306,700,000	\$0
10			
11	FEDERAL EXPENDITURES FUND TOTAL	<u>\$306,700,000</u>	<u>\$0</u>

12	HEALTH AND HUMAN SERVICES,		
13	DEPARTMENT OF (FORMERLY DHS)		
14	DEPARTMENT TOTALS	2013-14	2014-15
15			
16	FEDERAL EXPENDITURES FUND	\$306,700,000	\$0
17	OTHER SPECIAL REVENUE FUNDS	\$183,500,000	\$1,313,700
18			
19	DEPARTMENT TOTAL - ALL FUNDS	<u>\$490,200,000</u>	<u>\$1,313,700</u>

20	SECTION TOTALS	2013-14	2014-15
21			
22	FEDERAL EXPENDITURES FUND	\$306,700,000	\$0
23	OTHER SPECIAL REVENUE FUNDS	\$183,570,000	\$2,627,400
24	STATE ALCOHOLIC BEVERAGE FUND	\$0	\$11,744,262
25	STATE LOTTERY FUND	\$0	(\$210,462)
26			
27	SECTION TOTAL - ALL FUNDS	<u>\$490,270,000</u>	<u>\$14,161,200</u>
28			

29 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
30 section number to read consecutively.

31 **SUMMARY**

32 This amendment changes the amount of the liquor operation revenue bonds that may
33 be issued to \$183,500,000 from \$188,500,000. This amendment also changes the
34 distributions from the Liquor Operation Revenue Fund to the General Fund from
35 \$8,714,884 to \$9,714,884 in fiscal year 2014-15, from \$8,889,000 to \$9,639,000 in fiscal
36 year 2015-16 and from \$9,067,000 to \$9,817,000 in fiscal year 2016-17.

COMMITTEE AMENDMENT

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COMMITTEE AMENDMENT "A" to S.P. 596, L.D. 1555

1 This amendment also specifies that the fund must be used for the costs of
2 administering the fund, bonds and ancillary obligations.

3 This amendment replaces the appropriations and allocations Part with a new
4 appropriations and allocations Part to implement the provisions of the bill.

5 **FISCAL NOTE REQUIRED**

6 **(See attached)**



126th MAINE LEGISLATURE

LD 1555

LR 2154(02)

An Act To Strengthen Maine's Hospitals and To Provide for a New Spirits Contract

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-269)
 Committee: Appropriations and Financial Affairs

Fiscal Note Required: Yes

Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
Net Cost (Savings)				
General Fund	\$0	(\$1,210,462)	(\$966,776)	(\$973,279)
Appropriations/Allocations				
Federal Expenditures Fund	\$306,700,000	\$0	\$0	\$0
Other Special Revenue Funds	\$183,570,000	\$2,627,400	\$5,716,800	\$7,000,000
State Alcoholic Beverage Fund	\$0	\$11,744,262	\$12,890,576	\$12,625,179
State Lottery Fund	\$0	(\$210,462)	(\$216,776)	(\$223,279)
Revenue				
General Fund	\$0	\$1,210,462	\$966,776	\$973,279
Other Special Revenue Funds	\$183,570,000	\$2,627,400	\$5,716,800	\$7,000,000

Fiscal Detail and Notes

This bill implements the transition of the process for liquor sales and operations when the current lease arrangement ends at the close of fiscal year 2013-14. Under the revised contracting process, the net revenue from liquor sales and operations is projected to increase by roughly \$25 million in fiscal year 2014-15 over current budgeted net revenue and continue increasing by additional amounts each fiscal year over the 10-year contract period for the operation and management of liquor sales in the State. The net change in revenue includes the effect of changes in agent discounts, pricing strategies to increase and recover sales from New Hampshire and the elimination of the administration of the sale of fortified wines by the State. The amount of the projected increase in revenue will depend on the effectiveness of the competitive bidding process for the contracts for the various aspects of liquor sales and marketing and enforcement strategies to recover sales.

The bill also authorizes the Maine Municipal Bond Bank with the approval of the Governor to issue liquor operation revenue bonds up to \$183,500,000 plus financing costs. The net proceeds from these revenue bonds will be used for the State share of the payments to health care providers for services provided prior to December 1, 2012 and will be transferred from the bond bank to the Health Care Liability Retirement Fund, an Other Special Revenue Funds account within the Department of Health and Human Services. The estimated total amount of the payments, both State and federal, to health care providers for services provided prior to December 1, 2012 is approximately \$490,200,000.

If the full amount of the \$188,500,000 is not required due to the timing of the sale of the bonds and the availability of the proceeds, either the full authorization will not be issued and annual debt service will be lower or the proceeds in excess of the amounts required for the state share of the payments to health care providers will be transferred to the bond bank to cover debt service costs.

All net revenue from liquor sales is deposited in the Liquor Operations Revenue Fund at the Maine Municipal Bond Bank to first cover annual debt service costs of the revenue bonds, approximately \$25 million per year. Total net borrowing costs above the \$188,500,000 are projected to be \$40,807,900, based on the full authorization being utilized.

Excess revenue above debt service requirements will be transferred first to the General Fund through fiscal year 2016-17 to cover current budgeted revenue estimates from liquor sales and operations and to provide an offset for an intended increase in the General Fund enforcement costs of \$1,000,000 during the 2014-2015 biennium. Additional revenue transferred from the bond bank above the General Fund amounts will be credited to the Other Special Revenue Funds accounts for drinking water and wastewater projects up to the amounts needed to match available federal funds or up to \$7,000,000 per year. The amounts not required to match available federal funds for the water programs will be transferred to the Department of Transportation for highway and bridge improvements. The projected amounts that are allocated to the water programs in fiscal year 2014-15 total \$2,627,400.

After fiscal year 2016-17 and until the revenue bonds are retired, up to \$7,000,000 will be transferred to the water programs and the Department of Transportation with no General Fund revenue from liquor revenue during this period. Excess revenue from liquor operations after the debt service costs and the \$7,000,000 annually will be retained by the bond bank until the revenue bonds are retired. At that time, the bond bank will transfer the excess reserve to the Maine Budget Stabilization Fund. In fiscal year 2023-24, the projected transfer to the Maine Budget Stabilization Fund will be roughly \$138,000,000.

The deallocations from the State Lottery Fund reflecting the reallocation of the costs of certain positions to the State Alcoholic Beverage Fund will increase General Fund revenue from the State Lottery Fund by \$210,462 in fiscal year 2014-15.