

MAINE STATE LEGISLATURE

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LEGISLATIVE COUNCIL
May 11, 2004
2:00 p.m.
Room 334, Legislative Council Chamber
REVISED AGENDA

<u>Page No.</u>	<u>Item</u>	<u>Action</u>
	CALL TO ORDER	
	ROLL CALL	
1/6/9	SUMMARIES OF THE APRIL 13, 27, AND 29, 2004 COUNCIL MEETINGS	Decision
	REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS	Information
11	<ul style="list-style-type: none">• Executive Director's Report• Fiscal Report (Pennoyer)• Office of Information Services' Report (Mayotte)	
	REPORTS FROM COUNCIL COMMITTEES	
	<ul style="list-style-type: none">• Personnel Committee (Rep. Richardson, Chair) No Report• State House Facilities Committee (Sen. Gagnon, Chair) No Report	

OLD BUSINESS

None

NEW BUSINESS

Item #1: Submission of Study Report

15

Committee to Study New Payment Models for the
Logging Industry (letter from Sen. Bruce Bryant,
Senate Chair and Rep. Linda Rogers McKee, House Chair)

Acceptance

COLLECTIVE BARGAINING (Executive Session)

ANNOUNCEMENTS AND REMARKS

ADJOURNMENT

SEN. BEVERLY C. DAGGETT
CHAIR

REP. PATRICK COLWELL
VICE-CHAIR



121ST MAINE STATE LEGISLATURE

LEGISLATIVE COUNCIL

SEN. SHARON ANGLIN TREAT
SEN. PAUL T. DAVIS, SR.
SEN. KENNETH T. GAGNON
SEN. CHANDLER E. WOODCOCK
REP. JOHN RICHARDSON
REP. JOSEPH BRUNO
REP. ROBERT W. DUPLESSIE
REP. DAVID E. BOWLES

DAVID E. BOULTER
EXECUTIVE DIRECTOR

MEETING SUMMARY April 13, 2004

CALL TO ORDER

The Chair, Senate President Daggett, called the Legislative Council meeting to order at 2:27 p.m. in the Legislative Council Chamber.

ROLL CALL

Senators: President Daggett, Sen. Treat, Sen. Davis,
Sen. Gagnon
Absent: Sen. Woodcock

Representatives: Speaker Colwell, Rep. Bruno, Rep. Bowles
(Rep. Richardson and Rep. Duplessie joined the
meeting in progress)

Legislative Officers: Joy O'Brien, Secretary of the Senate
Millicent MacFarland, Clerk of the House
David Shiah, Assistant Clerk of the House
David E. Boulter, Executive Director, Legislative Council
Grant Pennoyer, Director, Office of Fiscal and Program Review
David Elliott, Director, Office of Policy and Legal Analysis
Margaret Matheson, Revisor of Statutes
Lynn Randall, State Law Librarian
Paul Mayotte, Director, Legislative Information Services

SUMMARY OF THE MARCH 9, 2004 COUNCIL MEETING

Motion: That the Meeting Summary of March 9, 2004 be accepted and placed on file. (Motion by Sen. Davis, second by Representative Bruno, unanimous.)

REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS

- **Executive Director's Report**

David Boulter, Executive Director, reported on the following items:

1. The 2004 facility improvement projects are scheduled to begin in May, following legislative adjournment. Major work will include roof replacement on the West Wing and repointing of the West Wing of the building. Interior work will include some repainting. The Executive Director's office and Granger Northern, Inc. will work with affected offices to minimize disruptions this summer.
2. The Executive Director's office has received notice that Victoria Wallack of Portland is starting the "Maine State House News Service" providing news to a group of newspapers including the Ellsworth American, Mt. Desert Islander, Village Soup, Boothbay Register and Brunswick Times Record. She has requested access to the State House as a news reporter.
3. The Legislative Council's deadline for submission of major substantive rules passed on February 20, 2004. The Executive Director's office has received word that a late filed rule might be submitted this week for legislative review. Other late-filed rules have been filed and accepted by the Legislature, however, never this late in the process. The significance of a late filed rule is that a failure by the Legislature to act on a rule once it is accepted by the Legislature for review, constitutes authorization for the agency to finally adopt the rule. The Legislature is not bound to accept rules for review after the Legislative Council deadline for submission. Mr. Boulter said that if a rule was filed, he would notify Legislative Council members.

No Council action required.

- **Fiscal Report**

Grant Pennoyer, Director, Office of Fiscal and Program Review presented his report to the Council.

General Fund and Highway Fund Revenue Variances for March 2004

- The total General Fund revenue for the month of March was ahead of budget by \$6.1 million and is slightly ahead of budget through the first three quarters of FY 04 by \$6.8 million. The next three weeks is a critical period because of the individual income taxes. At present, tax revenue appears to be on track, but if the office becomes aware of major changes Mr. Pennoyer will inform Council members as soon as possible.
- Major tax lines are very close to budgeted amounts, with the positive variance in the sales tax line balancing out a negative variance in the insurance tax line.

Highway Fund

- The total Highway Fund revenue was over budget by \$1.9 million in March, increasing the positive variance to \$5.6 million year-to-date. The fuel tax and motor vehicle registration and fees were the major factors for the positive variance.

Rep. Bruno commented that Mr. Pennoyer usually provided a cash flow analysis but one had not been included in the packet. Mr. Pennoyer said that the Office of Fiscal and Program Review now posts it on their Web page in lieu of paper distribution, but if there is interest in receiving it in the packet, he would certainly include it in future.

No Council action required.

- **Office of Information Services' Report**

Paul Mayotte, Director, Legislative Information Services, reported the following:

State Web Page Response

The Office of Legislative Information Services has received requests to check the slow web page response. Mr. Mayotte's office has been in contact with the Bureau of Information Services. It was determined it was a band width capacity problem at the Informe web hosting service. BIS is working to provide additional capacity and improvement should be noticed.

Bill Drafting System

David Boulter, Margaret Matheson and Paul Mayotte met with HP senior management. They received a commitment from HP to make the necessary corrections to deliver an acceptable bill drafting system to the Legislature. To protect the Legislature's position contractually, HP has been notified that the current version of software is in noncompliance. The remaining issues include a processing speed issue, which HP is proposing to address with upgrading hardware at no cost to the Legislature. Issues to be corrected include:

- Phrase search
- Compare function
- Processing constitutional resolutions correctly
- Processing joint orders
- Database issues

Mr. Mayotte does not believe there to be any major technical issues with resolving the system deficiencies. Another meeting will be scheduled with HP senior management within the next two weeks to bring the bill drafting system to completion within the next month.

Mr. Mayotte said a change to the warranty period is needed to make sure that the Legislature is covered for a full legislative cycle. This issue has been communicated to HP.

No Council action required.

- **Update on Interim Studies**

David Elliott, Director, Office of Policy and Legal Analysis, presented the status of legislative studies. Mr. Elliott reported that all studies due to report this session have submitted the reports or reports are being printed. This will be Mr. Elliott's last report on studies this session.

A copy of the Progress Report on Legislative Studies is attached for the Legislative Council's reference.

No Council action required.

REPORTS FROM COUNCIL COMMITTEES

- **Personnel Committee**

The Personnel Committee meeting scheduled for April 13, 2004 was cancelled.

President Daggett asked if there was objection to taking certain items out of order. Hearing none, the Chair then moved to **Old Business, Item #1**, followed by **New Business Item #1**.

OLD BUSINESS

Item #1: Council Actions Taken by Ballot

Executive Director Boulter provided Council members with a list of actions taken by ballot by the Legislative Council since its March 9, 2004 meeting.

NEW BUSINESS

Item #1: Consideration of After Deadline Bill Requests

Seventeen after deadline bill requests were considered by the Legislative Council. The Council's actions on these requests are included on the attached list.

President Daggett then resumed taking items in agenda order.

REPORTS FROM COUNCIL COMMITTEES (con't)

- **State House Facilities Committee**

Senator Gagnon, Chair of the State House Facilities Committee, summarized the Committee's April 7 and 14, 2004 meetings.

April 7, 2004

The committee met on April 7th to consider several pending matters. Due to time constraints, the committee focused on a proposal by Sen. Gagnon to re-establish a Senate retiring room on the 4th floor of the State House. The current proposal would require the relocation of one staff office, the legislative computer room and the media satellite office. The discussion focused on logistical concerns and whether relocating the computer room to the 4th floor would be feasible. The committee concluded that further discussion and consideration of alternatives were warranted. All other matters were postponed to a future meeting. No final action was taken.

April 13, 2004

The committee met briefly to review the bids received for the State House repointing project scheduled to begin next month. Although the bids were all higher than the budget estimate developed by Granger Northern, the project was deemed to be necessary and sufficient funds are budgeted to perform the work at the low bid price. The committee voted to authorize acceptance of the low bid and authorize the Executive Director to enter into a contract at the bid price, subject to appropriate contract terms and conditions.

No Council action required.

Item #2: Submission of Study Reports

The Legislative Council received the following study reports:

- **Commission to Arrange for a Plaque or Plaques and a Flag or Flags to be Displayed in the Hall of Flags in the State House to Honor the Maine Veterans of World War II and the Korean War**
- **Commission to Study the Scope and Quality of Citizenship Education**

Motion: That the Legislative Council accept the reports and that they be placed on file. (Motion by Sen. Treat, second by Speaker Colwell, unanimous).

COLLECTIVE BARGAINING (Executive Session)

None.

ANNOUNCEMENTS AND REMARKS

None

ADJOURNMENT

The Legislative Council meeting was adjourned at 2:57 p.m. (Motion by Sen. Treat, second by Rep. Bowles, unanimous).

SEN. BEVERLY C. DAGGETT
CHAIR

REP. PATRICK COLWELL
VICE-CHAIR



121ST MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

MEETING SUMMARY
APRIL 27, 2004

SEN. SHARON ANGLIN TREAT
SEN. PAUL T. DAVIS, SR.
SEN. KENNETH T. GAGNON
SEN. CHANDLER E. WOODCOCK
REP. JOHN RICHARDSON
REP. JOSEPH BRUNO
REP. ROBERT W. DUPLESSIE
REP. DAVID E. BOWLES

DAVID E. BOULTER
EXECUTIVE DIRECTOR

CALL TO ORDER

The Chair, President Daggett, called the Legislative Council meeting to order at 1:50 p.m. in the Legislative Council Chamber.

ROLL CALL

Senators:	President Daggett, Sen. Treat, Sen. Davis, Sen. Gagnon, Sen. Woodcock
Representatives:	Speaker Colwell, Rep. Richardson, Rep. Bruno, Rep. Duplessie, Rep. Bowles
Legislative Officers:	Joy O'Brien, Secretary of the Senate Millicent MacFarland, Clerk of the House David E. Boulter, Executive Director, Legislative Council David Elliott, Director, Office of Policy and Legal Analysis

REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS

No Reports

REPORTS FROM COUNCIL COMMITTEES

- **Personnel Committee** (Rep. Richardson, Chair)

The Personnel Committee did not meet.

- **State House Facilities Committee** (Sen. Gagnon, Chair)

The State House Facilities Committee did not meet.

OLD BUSINESS

None

NEW BUSINESS

Item #1: Requests for Interim Studies

President Daggett referred members to the suggested requirements and protocol information in their packet and asked David Boulter, Executive Director of the Legislative Council, to summarize for Council members the guidelines for the legislative studies.

Mr. Boulter outlined the informational sheet regarding the requirements and protocols relevant to studies in the 121st Legislature, 2nd Special Session for review of the study requests. A copy of the requirements and protocols is attached to this Meeting Summary.

Policy Issues Needing Decision

- a) **Number of authorized meetings and meeting location-Recommendation:** Number of meetings not to exceed 4 and meetings to be held in Augusta area unless the Legislative Council specifies otherwise.
- b) **Studies conducted using non-General Fund sources-Recommendation:** Study committee may not convene until sufficient funds are received to pay for the study.
- c) **Preferred legislative instrument for establishing study committees-Recommendation:** Use joint study orders, rather than resolves, when feasible.

Motion: That the Legislative Council adopt the suggested protocol for deciding requests for interim studies and accept the recommendations of the policy issues. (Motion by Speaker Colwell, second by Sen. Treat, unanimous).

Discussion: Rep. Bruno asked what the Legislature's budget was for interim studies. Mr. Boulter said the study line in the budget is \$20,300. The estimated costs of the proposed studies is approximately \$25,000, but if changes are made to study requests to conform to the Council's decision to limit the number of meetings to 4, (e.g. Taxation from 8 to 4 meetings), the budgeted amount would be sufficient to fund all the proposed studies.

The Legislative Council's action on study requests is included on the attached list.

Item #2: Submission of Study Report

The Legislative Council received the following study report:

Committee to Study the Implementation of Privatization of the State's Wholesale Liquor Business

Motion: That the Legislative Council accept the report and that it be placed on file. (Motion by Rep. Bowles, second by Sen. Davis, unanimous).

Item #3: Consideration of After Deadline Bill Requests

One deadline bill request was considered by the Legislative Council. The Council's action on this request is included on the attached list.

ANNOUNCEMENTS AND REMARKS

None.

COLLECTIVE BARGAINING (Executive Session)

None.

ADJOURNMENT

The Legislative Council meeting was adjourned at 2:40 p.m. (Motion by Sen. Treat, second by Rep. Bowles, unanimous).

SEN. BEVERLY C. DAGGETT
CHAIR

REP. PATRICK COLWELL
VICE-CHAIR



121ST MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

SEN. SHARON ANGLIN TREAT
SEN. PAUL T. DAVIS, SR.
SEN. KENNETH T. GAGNON
SEN. CHANDLER E. WOODCOCK
REP. JOHN RICHARDSON
REP. JOSEPH BRUNO
REP. ROBERT W. DUPLESSIE
REP. DAVID E. BOWLES

DAVID E. BOULTER
EXECUTIVE DIRECTOR

MEETING SUMMARY
APRIL 29, 2004

CALL TO ORDER

The Chair, Senate President Daggett, called the Legislative Council meeting to order at 6:13 p.m. in the Legislative Council Chamber.

ROLL CALL

Senators: President Daggett, Sen. Treat, Sen. Gagnon,
Absent: Sen. Davis and Sen. Woodcock

Representatives: Rep. Richardson, Rep. Bruno, Rep. Bowles
(Speaker Colwell and Rep. Duplessie joined the
meeting in progress).

Legislative Officers: David E. Boulter, Executive Director, Legislative Council

**REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE
DIRECTORS**

No Reports

REPORTS FROM COUNCIL COMMITTEES

- **Personnel Committee** (Rep. Richardson, Chair)

No Report

- **State House Facilities Committee** (Sen. Gagnon, Chair)

No Report

OLD BUSINESS

None

NEW BUSINESS

None

ANNOUNCEMENTS AND REMARKS

None

COLLECTIVE BARGAINING (Executive Session)

Motion: That, in accordance with 1 MRSA section 405, subsection 6, the Legislative Council enter into an executive session with its counsel and negotiators for the purposes of discussing labor contracts and proposals involving MSEA and its represented legislative employees. (Motion by Sen. Treat, second by Rep. Bruno, unanimous).

The Legislative Council went into Executive Session at 6:15 p.m.

MEETING RECONVENED

The Council ended its Executive Session and reconvened in open session at 7:29 p.m. on the motion of Sen. Treat, second by President Daggett, unanimous.

ANNOUNCEMENTS AND REMARKS

None.

ADJOURNMENT

The Legislative Council meeting was adjourned at 7:30 p.m. (Motion by Sen. Treat, second by Sen. Daggett, unanimous).

Fiscal Briefing for the Legislative Council

May 11, 2004 Meeting

Prepared by the Office of Fiscal & Program Review

1. General Fund and Highway Fund Revenue Variances for April 2004

(See Attached - Preliminary Data reflecting March 2004 Revenue Revisions)

• General Fund

- Total General Fund revenue is ahead of budget in April by \$35.9M, increasing the positive YTD variance to +\$42.7M (+2.2%) through 10 months.
- Major positive variances include:
 - Individual Inc. Tax – \$35.2M above budget in April and +\$33.8 YTD;
 - Sales Tax – +\$4.6M in April and +\$8.7M YTD;
 - Corporate Inc. Tax – +\$0.9M in April and +\$2.9M YTD; and
 - Other Revenue – +\$0.6M in April and +\$9.5M YTD.
- Major negative variances include:
 - Insurance Company Tax – Under by \$0.5M in April and -\$4.7M YTD;
 - Estate Tax – Under by \$1.3M in April and -\$2.9M YTD; and
 - Cigarette Tax – Under by \$0.8M in April and -\$1.2M YTD.
- The positive variances in Individual Income, Sales and Corporate Income Taxes will very likely remain through the end of the fiscal year. Some of the Individual Income Tax variance (\$5M to \$10M related to withholding and refunds) may be a timing issue. Sales should hold up through the remainder of the year as the distribution by month assumes lower annual increases in May and June than the previous months. For the negative variances, a single large estate tax filing and the conclusion of negotiations on the insurance annuity tax dispute could bring those 2 revenue lines to a positive position, which may or may not happen before the end of the fiscal year.

• Highway Fund

- Total Highway Fund revenue was over budget by \$1.2M in April, increasing the positive variance to \$6.8M or 2.9% YTD through April. Gas tax and motor vehicle registration and fees continue to be the major drivers of this positive variance.

2. Cash Pool Status

- March 2004 Cash Pool Summary (see attached)
 - Absent Reserves and TAN borrowing General Fund cash position would be \$290.4M negative.
- General Fund – Average Daily Cash Balances (see attached)
 - General Fund trend (12-month moving average) has bottomed out and has begun to move upward beginning in December 2003.

**General Fund and Highway Fund Revenue
Fiscal Year Ending June 30, 2004**

Based on All Actions of the 121st Legislature through 2nd Regular Session and March 2004 Revenue Forecast

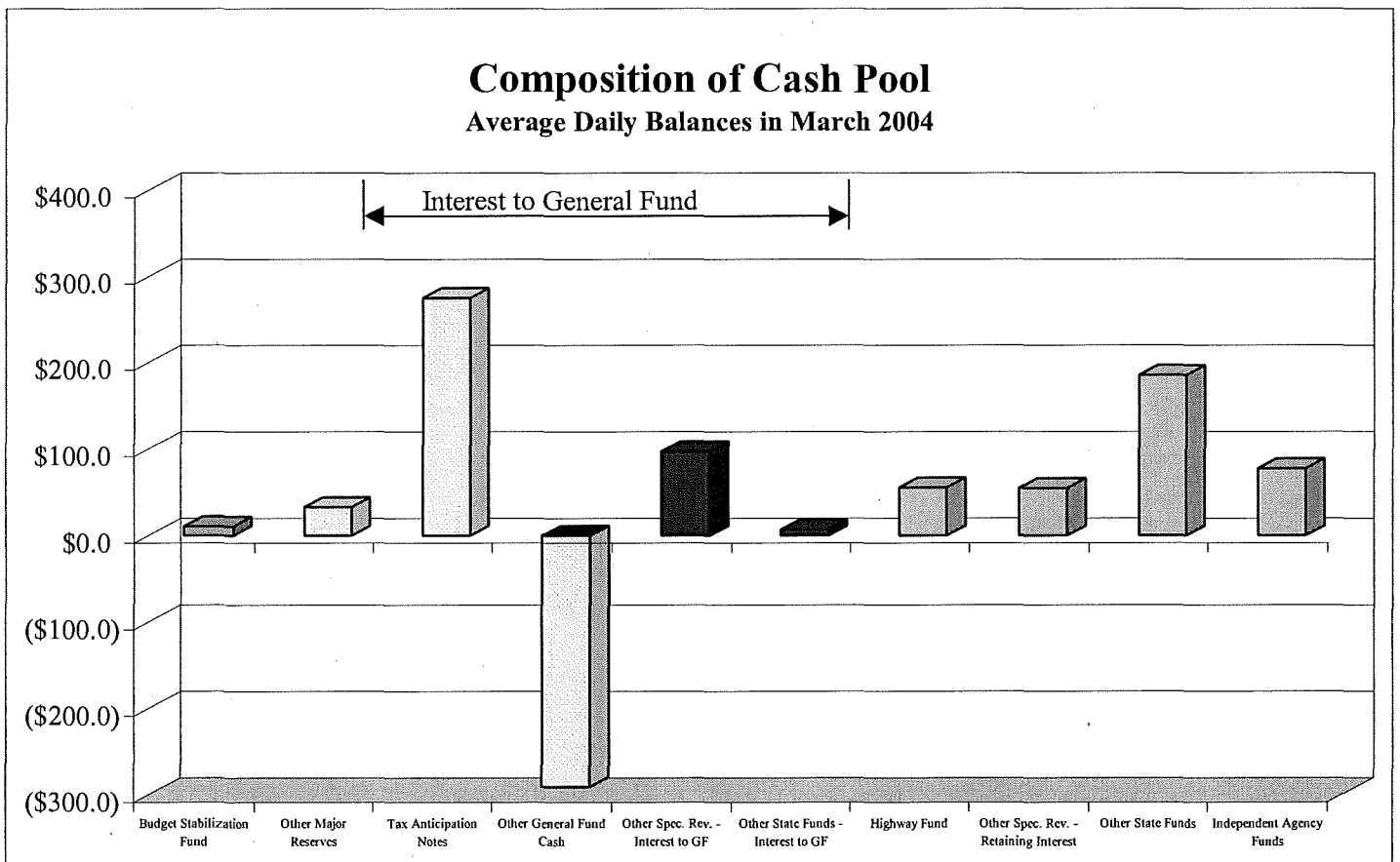
APRIL 2004 - VARIANCE REPORT

FUND	Revenue Line	April '04 Budget	April '04 Actual	April '04 Variance	FY04 YTD Budget	FY04 YTD Actual	FY04 YTD Variance	FY04 Budgeted Totals
GF	Sales and Use Tax	65,758,814	70,353,678.08	4,594,864.08	676,422,357	685,087,843.45	8,665,486.45	905,721,382
GF	Individual Income Tax	165,205,000	200,394,873.65	35,189,873.65	895,601,691	929,449,943.19	33,848,252.19	1,130,761,691
GF	Corporate Income Tax	16,789,343	17,686,081.51	896,738.51	80,717,478	83,601,917.43	2,884,439.43	103,752,841
GF	Cigarette and Tobacco Tax	8,059,573	7,218,441.14	(841,131.86)	80,870,115	79,711,297.16	(1,158,817.84)	97,616,940
GF	Public Utilities Tax	450,000	0.00	(450,000.00)	300,000	(268,757.41)	(568,757.41)	28,900,000
GF	Insurance Companies Tax	9,767,373	9,220,419.00	(546,954.00)	43,877,318	39,139,169.03	(4,738,148.97)	69,415,308
GF	Estate Tax	2,760,085	1,435,225.03	(1,324,859.97)	21,063,288	18,168,113.98	(2,895,174.02)	32,103,631
GF	Property Tax - Unorganized Territory	0	0.00	0.00	8,937,093	8,937,092.00	(1.00)	10,202,624
GF	Income from Investments	(3,771)	151,843.00	155,614.00	1,163,083	1,552,011.10	388,928.10	1,287,885
GF	Transfer to Municipal Revenue Sharing	(12,635,411)	(14,710,166.30)	(2,074,755.30)	(84,289,817)	(86,605,124.93)	(2,315,307.93)	(109,152,033)
GF	Transfer from Liquor Commission	1,952,622	1,973,552.58	20,930.58	22,823,006	22,632,063.01	(190,942.99)	27,056,396
GF	Transfer from Lottery Commission	3,747,191	3,426,533.40	(320,657.60)	35,362,618	34,653,635.63	(708,982.37)	42,321,885
GF	Other Revenue	15,105,475	15,709,526.65	604,051.65	155,343,940	164,795,133.72	9,451,193.72	280,648,777
GF	Totals	276,956,294	312,860,007.74	35,903,713.74	1,938,192,170	1,980,854,337.36	42,662,167.36	2,620,637,327
HF	Fuel Taxes	15,681,665	15,874,845.52	193,180.52	156,835,574	159,269,766.12	2,434,192.12	210,496,449
HF	Motor Vehicle Registration and Fees	7,165,156	7,667,860.02	502,704.02	63,464,663	66,062,088.34	2,597,425.34	79,605,062
HF	Inspection Fees	275,804	253,079.35	(22,724.65)	2,854,322	3,766,985.03	912,663.03	3,461,771
HF	Fines	179,947	199,487.36	19,540.36	1,746,548	1,579,964.19	(166,583.81)	2,122,901
HF	Income from Investments	19,685	72,433.42	52,748.42	364,244	479,780.74	115,536.74	425,217
HF	Other Revenue	574,681	830,664.70	255,983.70	7,347,240	8,036,190.73	688,950.73	8,632,917
HF	Totals	23,896,938	24,898,373.00	1,001,432.37	232,612,591	239,194,775.15	6,582,184.15	304,744,317

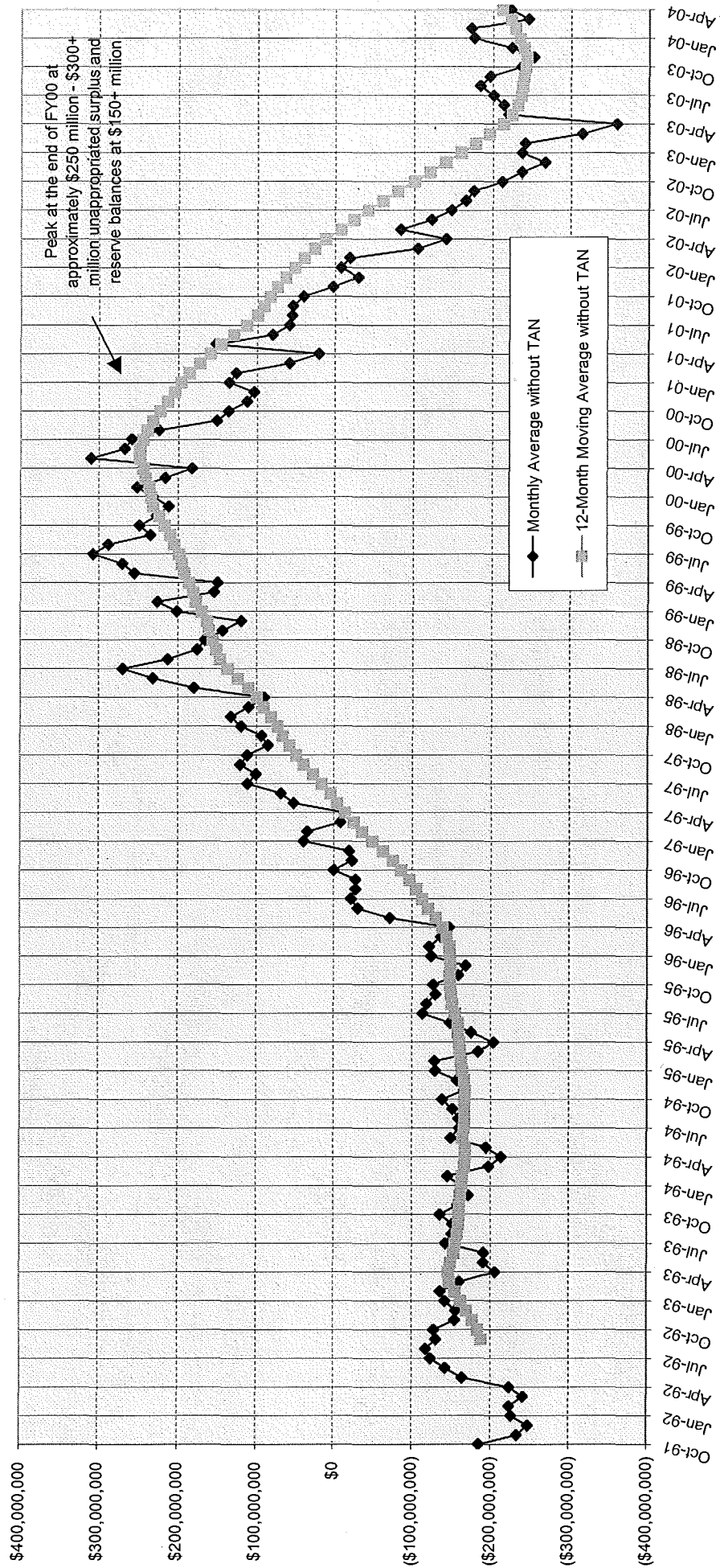
Composition of State's Cash Pool March 2004 Average Daily Balances

	March 2004
General Fund - Total	\$28,159,256
General Fund - Detail	
Budget Stabilization Fund (Rainy Day Fund)	\$10,615,334
Other Major Reserves *	\$32,904,692
Tax Anticipation Notes	\$275,000,000
General Fund - Other	(\$290,360,769)
Highway Fund	\$55,402,045
Other Special Revenue - Contributing to General Fund	\$97,275,229
Other Special Revenue - Retaining Interest Earned	\$54,769,461
Other State Funds - Contributing Interest to General Fund	\$6,951,054
Other State Funds	\$185,559,230
Independent Agency Funds	\$77,403,389
Total Cash Pool	\$505,519,663

* Includes Reserve for General Fund Operating Capital and Federal Relief Funds Reserve



**GENERAL FUND
 DAILY STARTING CASH BALANCES - EXCLUDING TAX ANTICIPATION NOTES**





MAINE STATE LEGISLATURE
Augusta, Maine 04333

**COMMITTEE TO STUDY NEW PAYMENT MODELS
FOR THE LOGGING INDUSTRY**

April 28, 2004

The Honorable Beverly C. Daggett, Chair
The Honorable Patrick Colwell, Vice-Chair
Legislative Council
121st Maine Legislature
115 State House Station
Augusta, Maine 04333

Dear Senator Daggett and Representative Colwell:

Pursuant to Joint Order, House Paper 724, the Committee to Study New Payment Models For The Logging Industry is pleased to submit its final report. Copies of the report have been placed on file with the Law and Legislative Reference Library.

Sincerely,

A handwritten signature in cursive script that reads "Bruce Bryant".

Senator Bruce Bryant, Chair

A handwritten signature in cursive script that reads "Linda L. McKee" with "(83)" written below it.

Representative Linda Rogers McKee, Chair

cc: Members of the Legislative Council (w/enc.)

