

# MAINE STATE LEGISLATURE

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**LEGISLATIVE COUNCIL**  
**June 8, 2004**  
**2:00 p.m.**  
**Room 334, Legislative Council Chamber**  
**REVISED AGENDA**

<u>Page No.</u>	<u>Item</u>	<u>Action</u>
	<b>CALL TO ORDER</b>	
	<b>ROLL CALL</b>	
1	<b>SUMMARY OF THE MAY 11, 2004 COUNCIL MEETING</b>	Decision
	<b>REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS</b>	Information
5	• Executive Director's Report	
8	• Fiscal Report (Pennoyer)	
	• Office of Information Services' Report (Mayotte)	
	<b>REPORTS FROM COUNCIL COMMITTEES</b>	
	• <b>Personnel Committee</b> (Rep. Richardson, Chair)	
	Report of the June 8, 2004 Personnel Committee meeting	
	• <b>State House Facilities Committee</b> (Sen. Gagnon, Chair)	
	No Report	

**OLD BUSINESS**

None

**NEW BUSINESS**

9

Item #1: 2004 Enacted Law Digest

Information

**COLLECTIVE BARGAINING (Executive Session)**

**ANNOUNCEMENTS AND REMARKS**

**ADJOURNMENT**

SEN. BEVERLY C. DAGGETT  
CHAIR

REP. PATRICK COLWELL  
VICE-CHAIR



121<sup>ST</sup> 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**  
**May 11, 2004**

**CALL TO ORDER**

The Chair, Senate President Daggett, called the Legislative Council meeting to order at 2:31 p.m. in the Legislative Council Chamber.

**ROLL CALL**

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

Representatives: Speaker Colwell, Rep. Richardson, Rep. Bruno, Rep. Bowles  
Absent: Rep. Duplessie

Legislative Officers: 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  
Paul Mayotte, Director, Legislative Information Services

**SUMMARIES OF THE APRIL 13, 27, AND 29, 2004 COUNCIL MEETINGS**

**Motion:** That the Meeting Summaries of April 13, 27 and 29, 2004 be accepted and placed on file. (Motion by Rep. Bruno, second by Sen. Davis, unanimous).

## REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS

- **Executive Director's Report**

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

1. The State YMCA of Maine held its Youth in Government program from April 30 to May 2, 2004. Over 150 students participated and it was reported to be very successful. Lonney Steeves, Executive Director of the program, wished to express his appreciation to the Council for use of the State House, once again. Mr. Boulter thanked legislative staff who worked over the weekend to help with the program.
2. The offices of Fiscal and Program Review and Policy and Legal Analysis are working on the Enacted Law Digest. They are waiting for the final bills to be signed by the Governor and hopefully will have the information finalized by May 14, 2004. The digest should be printed during the week of May 17<sup>th</sup> and distributed to legislators shortly thereafter.
3. The Governor issued an Executive Order on May 6, 2004 regarding gambling oversight. He established a Governor's Gambling Control Advisory Council to assist in preparing for implementing the recently enacted gambling control legislation. The Council will consist of 5 members appointed by the Governor and will develop recommended rules and procedures that may be helpful to the statutorily created Gambling Control Board. The Advisory Council will dissolve upon the appointment and confirmation of the Control Board members.

No Council 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 April, 2004**

The total General Fund revenue for the month of April was ahead of budget by \$35.9 million, increasing the positive year-to-date variance to \$42.7 million. The major positive variances include: Individual Income Tax, \$35.2 million above budget in April and \$33.8 million above budget for year-to-date; Sales Tax, \$4.6 million above budget in April and positive \$8.7 million year-to-date; Corporate Income Tax, above budget by \$0.9 million in April and positive \$2.9 million year-to-date; and Other Revenue was ahead of budget \$0.6 million and positive \$9.5 for year-to-date. The major negative variances for April include: Insurance Company Tax, negative by \$0.5 million and under budget \$4.7 million year-to-date; Estate Tax, negative by \$1.3 million and under budget \$2.9 million year-to-date; and Cigarette Tax, under budget \$0.8 million and under budget \$1.2 million year-to-date.

Mr. Pennoyer said the positive variance in April was due primarily to Individual Income Tax, although some may be a timing issue; therefore there may be an offset with a negative variance for May.

The total Highway Fund revenue was over budget by \$1.2 million in April, increasing the positive variance to \$6.8 million year-to-date through April.

### Cash Pool Status

Mr. Pennoyer presented the cash pool status.

Absent the Reserves and Tax Anticipated Note borrowing, the General Fund would be negative by \$290.4 million. He noted that there is an upward trend in the balance.

No Council action required.

- **Office of Information Services' Report**

Paul Mayotte, Director, Legislative Information Services, presented the current status of the bill drafting system being developed by HP/Compaq. Another final acceptance testing was completed in March, 2004. Although HP's performance speed and functionality improved, the system still did not meet the Legislature's requirements and HP was so advised. Mr. Mayotte said he, Margaret Matheson and David Boulter met with HP following the testing and felt that HP was committed to resolving the problems. A letter was sent to HP that identified critical functional items that they needed to address successfully before the Legislature would sign off on final acceptance. They meet again with HP on May 4, 2004. Mr. Mayotte said HP was put on notice that unless they delivered a satisfactory system, the Executive Director was prepared to come before the Council with recommendation for stronger action. At the end of the May 4<sup>th</sup> meeting HP requested re-verification of the specific requirements for the critical items they are required to deliver. The requested information was provided to HP on May 10, 2004 and they have until May 14, 2004 to respond. Depending on HP's response, Mr. Boulter may be making a recommendation to the Council that the Legislature pursue legal action to force HP to fully comply with the terms in its contract.

**Discussion:** President Daggett said the Council did not want to wait until the next Council meeting to know HP's response and asked Mr. Mayotte to let the Council know of HP's response by May 14, 2004. Rep. Richardson asked if the system was to help streamline the work in the Revisor's office. Mr. Mayotte said the Revisor's office needs to be production ready in October, 2004 to support the upcoming session. Rep. Richardson recalled the present system was breaking down, and he recalled a similar discussion last year regarding the Legislature's need to take affirmative action against HP before October, 2003. He questioned why the issues had not been resolved given the period since the issues were last raised. President Daggett asked that Mr. Mayotte include with HP's response, a brief summary of the actions that have taken place over the past three to four years.

Rep. Bowles asked what the Legislature's leverage with HP was at this time. Mr. Boulter said some money had been withheld, according to Mr. Mayotte, approximately \$250,000. Mr. Boulter responded to Rep. Richardson's comments. He said when the tests were done in September, 2003, the system failed to meet standards. A series of meetings took place and HP made improvements to the system after the meetings, but it is now at the point that certain essential requirements are still not met and HP is contractual bound to implement them. Mr. Boulter said once the October, 2003 deadline was missed it did not matter if it was October or March, since the system was not operational for the session. Now staff needs a system in place before September, 2004.

President Daggett said the information requested by the Council regarding HP should be sent to Council members individually. She requested that, if any member had questions, they be directed to the Executive Director, and if the Council needs to meet, a special Council meeting can be called.

## REPORTS FROM COUNCIL COMMITTEES

- **Personnel Committee**

The Personnel Committee did not meet.

- **State House Facilities Committee**

The State House Facilities Committee did not meet.

## OLD BUSINESS

None

## NEW BUSINESS

### Item #1: Submission of Study Report

The Legislative Council received the following study report:

- **Committee to Study New Payment Models for the Logging Industry**

**Motion:** That the Legislative Council accept the report and it be placed on file. (Motion by Speaker Colwell, second by Sen. Treat, unanimous).

## COLLECTIVE BARGAINING (Executive Session)

None

## ANNOUNCEMENTS AND REMARKS

None

## ADJOURNMENT

The Legislative Council meeting was adjourned at 2:48 p.m. (Motion by Speaker Colwell, second by Sen. Davis, unanimous).

# Fiscal Briefing for the Legislative Council

June 8, 2004 Meeting

*Prepared by the Office of Fiscal & Program Review*

## 1. General Fund and Highway Fund Revenue Variances for May 2004

(See Attached - Preliminary Data Reflecting Final 2004 Budgeted Revenue)

### • General Fund

- Total General Fund revenue is ahead of budget in May by \$71.5M, increasing the positive YTD variance to +\$114.1M through 11 months. After adjusting for the receipt of \$75M from the liquor wholesale privatization contract, budgeted in June, General Fund was \$3.5M under budget in May, which reduced the YTD positive variance to \$39.1M.
- Major YTD positive variances include:
  - Individual Inc. Tax – \$8.7M under budget in May, but remained over budget by \$25.1M YTD;
  - Sales Tax – Over by \$2.5M in May and +\$11.1M YTD;
  - Corporate Inc. Tax – Over by \$2.0M in May and +\$4.9M YTD;
  - Investment Income – Over by \$0.1M in May and +\$0.5M YTD;
  - Liquor Revenue (excludes liquor contract) – Over by \$0.5M in May and +\$0.3M YTD; and
  - Other Revenue – Under by \$1.9M in May, but remained over budget by +\$7.5M YTD (after adjusting for the \$75M from liquor contract).
- Major negative YTD variances include:
  - Cigarette Tax – Under by \$2.0M in May and was under \$3.1M YTD;
  - Estate Tax – Over by \$1.0M in May, but remained under \$1.9M YTD; and
  - Insurance Company Tax – Over by \$3.2M in May, but remained under by \$1.5M YTD.

### • Highway Fund

- Total Highway Fund revenue was under budget by a very minor amount overall in May. Positive YTD variance remains at +\$6.6M or +2.6% through May.

## 2. Cash Pool Status

- April 2004 Cash Pool Summary (see attached)
  - Absent Reserves and TAN borrowing General Fund cash position would be \$261.2M negative.



**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**

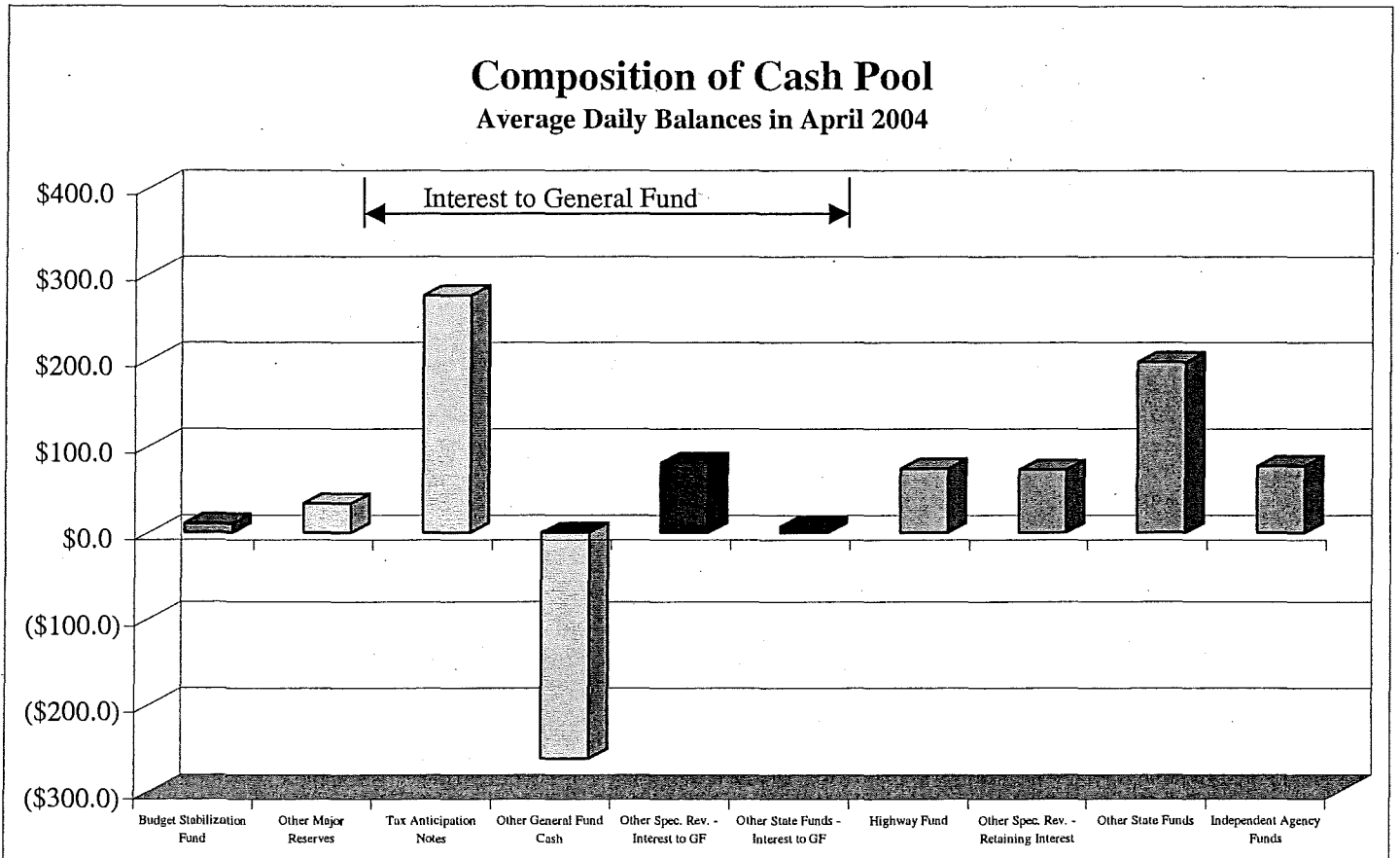
**MAY 2004 - VARIANCE REPORT**

FUND Revenue Line	May '04 Budget	May '04 Actual	May '04 Var.	FY04 YTD Budget	FY04 YTD Actual	FY04 YTD Variance	FY04 Budgeted Totals
GF Sales and Use Tax	65,048,128	67,500,062.02	2,451,934.02	741,470,485	752,587,905.47	11,117,420.47	905,721,382
GF Individual Income Tax	73,270,000	64,521,014.45	(8,748,985.55)	968,871,691	993,970,957.64	25,099,266.64	1,130,761,691
GF Corporate Income Tax	3,547,189	5,571,195.09	2,024,006.09	84,264,667	89,173,112.52	4,908,445.52	103,752,841
GF Cigarette and Tobacco Tax	8,960,100	6,979,665.77	(1,980,434.23)	89,830,215	86,690,962.93	(3,139,252.07)	97,616,940
GF Public Utilities Tax	28,600,000	28,258,897.10	(341,102.90)	28,900,000	27,990,139.69	(909,860.31)	28,900,000
GF Insurance Companies Tax	8,067,664	11,299,610.76	3,231,946.76	51,944,982	50,438,779.79	(1,506,202.21)	69,415,308
GF Estate Tax	2,760,085	3,773,969.22	1,013,884.22	23,823,373	21,942,083.20	(1,881,289.80)	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	30,365	147,697.91	117,332.91	1,193,448	1,699,709.01	506,261.01	1,287,885
GF Transfer to Municipal Revenue Sharing	(7,235,131)	(7,017,205.85)	217,925.15	(91,524,948)	(93,622,330.78)	(2,097,382.78)	(109,152,033)
GF Transfer from Liquor Commission	1,978,872	2,482,906.86	504,034.86	24,801,878	25,114,969.87	313,091.87	27,056,396
GF Transfer from Lottery Commission	3,364,084	3,264,262.12	(99,821.88)	38,726,702	37,917,897.75	(808,804.25)	42,321,885
GF Other Revenue	17,523,320	90,616,772.76	73,093,452.76	172,867,260	255,411,906.48	82,544,646.48	280,648,777
<b>GF Totals</b>	<b>205,914,676</b>	<b>277,398,848.21</b>	<b>71,484,172.21</b>	<b>2,144,106,846</b>	<b>2,258,253,185.57</b>	<b>114,146,339.57</b>	<b>2,620,637,327</b>
HF Fuel Taxes	15,303,357	15,333,778.80	30,421.80	172,138,931	174,603,544.92	2,464,613.92	210,496,449
HF Motor Vehicle Registration and Fees	7,399,999	7,185,129.72	(214,869.28)	70,864,662	73,247,218.06	2,382,556.06	79,605,062
HF Inspection Fees	281,064	408,295.60	127,231.60	3,135,386	4,175,280.63	1,039,894.63	3,461,771
HF Fines	188,152	168,047.30	(20,104.70)	1,934,700	1,748,011.49	(186,688.51)	2,122,901
HF Income from Investments	21,171	80,580.58	59,409.58	385,415	560,361.32	174,946.32	425,217
HF Other Revenue	534,683	542,292.42	7,609.42	7,881,923	8,578,483.15	696,560.15	8,632,917
<b>HF Totals</b>	<b>23,728,426</b>	<b>23,718,124.42</b>	<b>(10,301.58)</b>	<b>256,341,017</b>	<b>262,912,899.57</b>	<b>6,571,882.57</b>	<b>304,744,317</b>

## Composition of State's Cash Pool April 2004 Average Daily Balances

	April 2004
General Fund - Total	\$58,244,974
General Fund - Detail	
Budget Stabilization Fund (Rainy Day Fund)	\$10,626,750
Other Major Reserves *	\$33,842,639
Tax Anticipation Notes	\$275,000,000
General Fund - Other	(\$261,224,415)
Highway Fund	\$74,207,462
Other Special Revenue - Contributing to General Fund	\$80,931,957
Other Special Revenue - Retaining Interest Earned	\$72,967,713
Other State Funds - Contributing Interest to General Fund	\$7,466,302
Other State Funds	\$197,818,018
Independent Agency Funds	\$77,403,389
<b>Total Cash Pool</b>	<b>\$569,039,816</b>

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



121<sup>st</sup> MAINE STATE LEGISLATURE  
LEGISLATIVE COUNCIL

Technology Report

June 8, 2004

- Eight critical deliverables remain to be completed or corrected by HP before the Legislature will accept the HP bill drafting system:
  1. Acceptable performance speed
  2. Validation that the Cross Reference process works as required
  3. Correct the Conflict Checking process
  4. Implement the Phrase Search function
  5. Establish a manual database with audit and history at the user level
  6. Correction of several functions within Joint Orders and Resolves processes
  7. Provide information related to the populating and maintenance of the database
  8. A warranty period to cover a full legislative session
- Several of these items are simple in nature to resolve, two could require several weeks to complete
- In addition, HP has since taken issue with three warranty items
  1. Laws of Maine output styles
  2. Pre-engrosser printed date
  3. Uniform Code Bill specific requirements
- Based on the requirements of the contract, it is our position that HP has not met the requirements of the contract
- The Attorney General's Office is reviewing the documentation and is working to develop our options for proceeding



**Maine State Legislature**  
**OFFICE OF POLICY AND LEGAL ANALYSIS**

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**Memorandum**

**TO:** The Honorable Beverly C. Daggett, Chair  
The Honorable Patrick Colwell, Vice-Chair  
Legislative Council  
And Honorable Members of the Legislative Council

**FROM:** David C. Elliott, Director *Daniel*

**DATE:** June 3, 2004

**RE:** **Completion of Enacted Law Digest**

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I am pleased to inform you that the 2004 Enacted Law Digest has been completed and distributed to legislators and other interested parties. For your information a copy of the digest is attached.

The Enacted Law Digest is produced by the cooperative efforts of this office and the Office of Fiscal and Program Review. It contains a summary of every public law, private and special law, resolve and joint study order enacted or finally passed during the Second Regular and Second Special Session of the 121<sup>st</sup> Legislature. The digest is organized into broad policy areas corresponding to the jurisdiction of legislative joint standing committees. Chapter number and Legislative Document number indices are included to aid in finding enacted laws. The Enacted Law Digest is also available at the Law and Legislative Reference Library and on the OPLA Web page.

Please contact either Grant Pennoyer or me if you have questions.

CC: David Boulter, Executive Director  
Grant Pennoyer, OFPR

