

# 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)

REP. HANNAH M. PINGREE  
CHAIR

SEN. ELIZABETH H. MITCHELL  
VICE-CHAIR

EXECUTIVE DIRECTOR  
DAVID E. BOULTER



SEN. PHILIP L. BARTLETT II  
SEN. KEVIN L. RAYE  
SEN. LISA T. MARRACHE  
SEN. JONATHAN T. E. COURTNEY  
REP. JOHN F. PIOTTI  
REP. JOSHUA A. TARDY  
REP. SETH A. BERRY  
REP. PHILIP A. CURTIS

124<sup>TH</sup> MAINE STATE LEGISLATURE  
LEGISLATIVE COUNCIL  
**LEGISLATIVE COUNCIL**  
**JANUARY 21, 2010**  
**9:30 A.M.**  
**REVISED AGENDA**

<u>Page</u>	<u>Item</u>	<u>Action</u>
-------------	-------------	---------------

**CALL TO ORDER**

**ROLL CALL**

<b>1</b>	<b>SUMMARY OF THE DECEMBER 17, 2009 MEETING OF THE LEGISLATIVE COUNCIL</b>	<b>Acceptance</b>
----------	--	-------------------

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

<b>13</b>	<b>▪ Executive Director's Report (Mr. Boulter)</b>	<b>Information</b>
<b>14</b>	<b>▪ Fiscal Report (Mr. Pennoyer)</b>	<b>Information</b>

**EXECUTIVE SESSION**

**REPORTS FROM COUNCIL COMMITTEES**

- **Personnel Committee** (Speaker Pingree, Chair)
- **State House Facilities Committee** (Rep. Piotti, Chair)  
(No Report)
- **Budget Subcommittee** (Senate President Mitchell, Chair)  
(No Report)
- **CSG Annual Meeting Planning Subcommittee**  
(No Report)

## **OLD BUSINESS**

- |    |   |                    |
|----|---|--------------------|
| 18 | <b>Item #1: Council Actions Taken By Ballot (No Action Required)</b><br>A copy of a list of actions taken by ballot by the Legislative Council since its December 17, 2009 meeting is attached. | <b>Information</b> |
|----|---|--------------------|

## **NEW BUSINESS**

- |    |   |                       |
|----|---|-----------------------|
| 19 | <b>Item #1: Consideration of After Deadline Bill Requests / Addendum</b>  | <b>Roll Call Vote</b> |
| 24 | <b>Item #2: 2009 Annual Report of Midcoast Regional Redevelopment Authority</b>   | <b>Acceptance</b>     |
| 38 | <b>Item #3: Study on the Feasibility of and the Process for the Creation of an Insurance Fraud Division within the Bureau of Insurance (Maine Bureau of Insurance)</b> [complete copy available upon request]           | <b>Acceptance</b>     |
| 42 | <b>Item #4: Review and Evaluation of LD 425, An Act to Require Private Insurance Coverage for Certain Services for Children with Disabilities (Maine Bureau of Insurance)</b><br>[complete copy available upon request] | <b>Acceptance</b>     |
| 46 | <b>Item #5: Final Report of the Study Commission Regarding Teachers' Compensation</b><br>[complete copy available upon request]   | <b>Acceptance</b>     |
| 50 | <b>Item #6: Report on the State of Competition in the Maine Workers' Compensation Market (Maine Bureau of Insurance)</b> [complete copy available upon request]   | <b>Acceptance</b>     |
| 53 | <b>Item #7: Final Report of the Commission to Study Energy Infrastructure</b><br>[complete copy available upon request]   | <b>Acceptance</b>     |
| 58 | <b>Item #8: Review and Evaluation of LD 1198 – An Act to Reform Insurance Coverage to Include Diagnosis for Autism Spectrum Disorders (Maine Bureau of Insurance)</b> [complete copy available upon request]            | <b>Acceptance</b>     |
| 63 | <b>Item #9: Fourth Annual Report of the Right to Know Advisory Committee</b><br>[complete copy available upon request]  | <b>Acceptance</b>     |
|    | <b>Item #10: Final Report: Initiative to Streamline State Government (Joint Standing Committee on Appropriations and Financial Affairs)</b><br>[separate handout]   | <b>Acceptance</b>     |
| 66 | <b>Item # 11: Government Evaluation Act Review of the Maine Human Rights Commission (Joint Standing Committee on Judiciary)</b>   | <b>Information</b>    |
| 67 | <b>Item #12: Brief Presentation by OPEGA - Annual Report on Activities and Performance 2009 (Ms. Ashcroft)</b> [separate mailing]   |                       |

## **ANNOUNCEMENTS AND REMARKS**

## **ADJOURNMENT**

**MEETING SUMMARY**  
**December 17, 2009**

**CALL TO ORDER**

Legislative Council Chair, Speaker Pingree called the December Legislative Council meeting to order at 1:47 P.M. in the Legislative Council Chambers.

**ROLL CALL**

Senators: Senate President Elizabeth Mitchell, Sen. Philip Bartlett, Sen. Kevin Raye, Sen. Jonathan Courtney

Sen. Lisa Marraché [arrived after the start of the meeting]

Representatives: Speaker Hannah Pingree, Rep. John Piotti, Rep. Seth Berry, Rep. Philip Curtis

Rep. Joshua Tardy [absent]

Legislative Officers: Joy O'Brien, Secretary of the Senate  
Millicent MacFarland, Clerk of the House  
Michael Cote, Assistant Clerk of the House  
David E. Boulter, Executive Director of the Legislative Council  
Debra Olken, Human Resources Director  
Patrick Norton, Director, Office of Policy & Legal Analysis  
Grant Pennoyer, Director, Office of Fiscal and Program Review  
John Barden, Director, Law and Legislative Reference Library

Chair Pingree convened the meeting at 1:47 P.M. with a quorum of members present.

**SUMMARY OF NOVEMBER 5, 2009 MEETING OF LEGISLATIVE COUNCIL**

**Motion:** That the Meeting Summary of November 5, 2009 be accepted and placed on file.  
Motion by Senator Mitchell. Second by Representative Berry. **Motion passed unanimous.**  
**(8-0)** [Senator Marraché and Representative Tardy absent for vote.]

Chair Pingree asked if there was any objection to taking 1 item out of order. Hearing none, the Chair then moved to **New Business, Items 1.**

## NEW BUSINESS

### Item #1: Consideration of Legislators' Bill Requests that were Tabled

Legislative Council Chair Pingree noted at the outset that a number of bill requests related to school consolidation and taxation had been tabled at the October Council meeting awaiting the outcome of the November referendum. Chair Pingree suggested that all the tabled tax bills remain on the table. It was also suggested that all the tabled school consolidation bills with the exception of LR 2323: *An Act to Allow the Town of Wells and the Town of Ogunquit to Amend the Terms of their Cost-sharing Agreement for their Community School District and to Provide Each Town the Ability to Withdraw from the Wells-Ogunquit Community School District* be authorized for introduction.

The Legislative Council proceeded to consider and vote on 28 bill requests in accordance with the previously adopted protocol, and using an automated voting system. Of the 28 bill requests, the council authorized 15 requests for introduction in the 2nd Regular Session of the 124th Legislature, 1 failed to be authorized, and 12 were tabled until a future Legislative Council meeting. The Legislative Council's actions on these requests are included on the attached list.

**Motion:** That all taxation-related legislative requests for bills that had been tabled at either the Legislative Council's October or November meetings remain tabled. Motion by Senator Mitchell. Second by Senator Raye. **Motion passed unanimous. (9-0)** [Representative Tardy absent]

**Motion:** That all the education-related legislative requests that had been tabled at the Legislative Council's October or November meetings, except for LR 2323, be authorized for introduction. Motion by Senator Mitchell. Second by Senator Raye. **Motion passed unanimous. (9-0)** [Representative Tardy absent]

The Legislative Council then returned to the other items on its agenda.

## REPORTS FROM EXECUTIVE DIRECTOR AND COUNCIL OFFICES

### Executive Director's Report

David Boulter, Executive Director of the Legislative Council, reported on the following:

#### H1N1 Vaccine Clinic

The Maine CDC has announced that the State has now received sufficient quantities of the H1N1 vaccine to make the flu shots available to the general public, not just "high risk" populations. H1N1 flu clinics will be held at State work sites. A flu clinic will be held for legislative employees and Legislators in the State House in the very near future. A notice will be sent when the clinic details have been finalized. The Maine CDC expects the H1N1 virus to continue to circulate among the population and while the number of cases of the flu has decreased, a resurgence is expected.

#### CPR/First Aid Training Seminar

A CPR/First Aid training seminar is being developed for interested legislative employees. The training is not a "first responder" level training but is designed to provide basic first aid techniques to staff in order to develop a more informed workforce in case of emergencies. The training will be scheduled for early January.

Speaker Pingree mentioned that a flu clinic was being held today until 3:00 P.M. at the Lou Buker School in Augusta. The clinic is open to the general public.

## Fiscal Report

Grant Pennoyer, Director, Office of Fiscal and Program Review, reported the following.

### Revenue Update

#### Total General Fund Revenue - FY 2010 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
November	\$199.4	\$201.8	\$2.3	1.2%	\$198.6	1.6%
FYTD	\$1,031.4	\$964.7	(\$66.7)	-6.5%	\$1,044.3	-7.6%

General Fund revenue in November was \$2.3 million over the budgeted revenue amounts prior to the downward revisions to budgeted revenue in December 2009 Revenue Forecast. General Fund revenue remained \$66.7 million (6.5%) below revenue estimates prior to the December revisions and for the first 5 months of FY 2010 was 7.6% below the same period in FY 2009. The December monthly revenue report will reflect the downward revisions of the December 2009 revenue forecast, which lowered FY 2010 revenue estimates by \$209.4 million and projects a 5.8% decline from FY 2009. The December forecast lowered General Fund revenue by a total of \$383.6 million for the 2010-2011 biennium.

November's relatively strong performance was driven by tax collections late in November, primarily from Corporate Income tax collections that were received as part of the Tax Receivables Reduction Initiative (TRRI). Corporate Income tax revenue, primarily as a result of TRRI, came in \$10.8 million ahead of the pre-December revenue estimates. Individual Income tax revenue was under budget by \$4.6 million for November, but this was an improvement over past months. Individual Income tax revenue was under budget for the first 5 months of FY 2010 by \$62.8 million. The Revenue Forecasting Committee revised Individual Income tax revenue downward in its December forecast by \$166.8 million in FY 2010.

November's Sales tax performance, a modest improvement over prior months, fell below budget by \$4.7 million or 6.2%. For the fiscal year through November, sales tax revenue was under budget by \$30.1 million. FY 2010 sales tax revenue was revised downward in the December forecast by \$41.3 million.

#### Total Highway Fund Revenue - FY 2010 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
November	\$27.1	\$27.1	\$0.0	0.2%	\$27.4	-0.9%
FYTD	\$113.3	\$115.8	\$2.5	2.2%	\$118.6	-2.4%

Highway Fund revenue was just slightly over budget in November compared to the forecast prior to the December revenue revisions. November's positive variance resulted from Bureau of Motor Vehicle (BMV) revenue, which was ahead of budget for the month due to a positive variance in the revenue from the Long-term Trailers program. The Highway Fund retained a \$2.5 million positive variance for the first 5 months of FY 2010 due solely to the early variances in the Fuel Taxes category, which was \$3.5 million over budget through November. For the first 5 months of FY 2010, Highway Fund revenue was 2.4% below collections in the same period last fiscal year.

The December 2009 revenue forecast reduced Highway Fund revenue estimates by \$7.3 million in FY 2010 and \$14.3 million for the 2010-2011 biennium. The Highway Fund's

revenue performance to date seems inconsistent with the downward revisions in the forecast. The greatest downward revisions in the December forecast were driven by the economic forecast and the tax model calculations. The Revenue Forecasting Committee (RFC) did not accept the full reduction calculated by the tax models and the changes to Personal Income. The RFC will be watching the performance within this category carefully to test the accuracy of the model's predictions.

### Revenue Forecasting Revisions

Provided below is a summary of the December 2009 Revenue Forecast.

## Summary of December 2009 Revenue Revisions

Millions of \$'s

### General Fund Summary

	FY09 Actual	FY10	FY11	FY12	FY13
Current Forecast	\$2,811.4	\$2,856.7	\$2,897.9	\$2,939.3	\$3,035.9
Annual % Growth	-9.0%	1.6%	3.1%	2.9%	4.8%
Net Increase (Decrease)		(\$209.4)	(\$174.2)	(\$164.8)	(\$146.9)
Revised Forecast	\$2,811.4	\$2,647.2	\$2,723.7	\$2,774.6	\$2,889.0
Annual % Growth	-9.0%	-5.8%	2.9%	1.9%	4.1%

### Highway Fund Summary

	FY09 Actual	FY10	FY11	FY12	FY13
Current Forecast	\$324.2	\$312.7	\$308.7	\$314.4	\$320.3
Annual % Growth	-1.2%	-3.5%	-4.8%	0.5%	3.7%
Net Increase (Decrease)		(\$7.3)	(\$7.1)	(\$7.6)	(\$8.8)
Revised Forecast	\$324.2	\$305.5	\$301.6	\$306.9	\$311.5
Annual % Growth	-1.2%	-5.8%	-7.0%	-5.4%	2.0%

### Fund for a Healthy Maine Summary

	FY09 Actual	FY10	FY11	FY12	FY13
Current Forecast	\$68.4	\$59.7	\$57.1	\$62.8	\$62.6
Annual % Growth	10.3%	-12.8%	-4.3%	10.0%	-0.3%
Net Increase (Decrease)		\$0.5	\$0.2	\$1.2	\$0.9
Revised Forecast	\$68.4	\$60.2	\$57.3	\$64.0	\$63.5
Annual % Growth	10.3%	-12.0%	-4.8%	11.6%	-0.8%

### Medicaid/MaineCare Dedicated Revenue Taxes Summary

	FY09 Actual	FY10	FY11	FY12	FY13
Current Forecast	\$138.0	\$140.7	\$140.8	\$140.9	\$141.0
Annual % Growth	6.0%	2.0%	0.1%	0.1%	0.1%
Net Increase (Decrease)		(\$2.4)	(\$3.3)	(\$3.4)	(\$3.5)
Revised Forecast	\$138.0	\$138.3	\$137.6	\$137.6	\$137.6
Annual % Growth	6.0%	0.2%	-0.6%	0.0%	0.0%

### General Fund Shortfall

Provided below is a summary of the General Fund shortfall recognized by the December 2009 revenue forecast and the FY 2009 revenue shortfall. Addressing the FY 2010 shortfall (\$231.7 million) will be challenging since only 6 months remain in FY10. The General Fund biennial budget already included \$16 million of one-day borrowing to balance FY 2010 which has been contributed to the General Fund declining cash position.

## Summary of General Fund Shortfall

2010-2011 Biennium (Millions of \$'s)

	FY 2010	FY 2011	Biennium
Negative Ending Balances from FY 2009	(\$22.3)	(\$2.5)	(\$24.8)
December 2009 Revenue Revision	(\$209.4)	(\$174.2)	(\$383.6)
Streamlining Initiative	\$0.0	(\$30.0)	(\$30.0)
<b>Ending General Fund Balances</b>	<b>(\$231.7)</b>	<b>(\$206.7)</b>	<b>(\$438.4)</b>

### Cash Balances

Presented below is a summary of the State's average cash balances in November 2009 compared to November 2008. Despite the poor performance of General Fund revenue and the use of virtually all reserves, the State has not yet implemented any external borrowing. This strategy, while increasing savings in budgeted debt service costs in the Office of the Treasurer, has significantly lowered the total cash pool and lowered investment returns (less available cash to invest). The reliance on internal borrowing to meet General Fund cash flow needs was at its highest level ever at \$293.2 million last month, \$168.2 million higher than November 2008. The November average balance for the total cash pool was \$302.6 million, almost \$102 million less than last November, and significantly below the historical average (2001 to 2008) of \$549.2 million.

The Dirigo Health Fund has made little progress in the last 2 months toward paying back the \$25 million General Fund cash advance. Excluding the cash advance, the fund had a negative balance of \$20.5 million, just slightly more negative than September's and October's average balances. November's average balance was more negative than last November by more than \$1.5 million.

Average balances for federal funds in November remained substantially negative as they were in October. This appears to be primarily related to MaineCare spending. Some modest negative balances in federal funds are expected due to federal cash management requirements.



<b>Summary of Treasurer's Cash Pool</b>		
<b>November Average Daily Balances</b>		
<b>Millions of \$'s</b>		
	<b>2008</b>	<b>2009</b>
General Fund (GF) Total	\$20.2	\$9.7
General Fund (GF) Detail:		
Budget Stabilization Fund	\$130.9	\$0.2
Reserve for Operating Capital	\$40.6	\$0.0
Tax Anticipation Notes	\$0.0	\$0.0
Internal Borrowing	\$125.0	\$293.2
Other General Fund Cash	(\$276.3)	(\$283.7)
Other Spec. Rev. - Interest to GF	\$39.9	(\$36.9)
Other State Funds - Interest to GF	(\$13.1)	\$11.4
Highway Fund	\$11.8	\$15.7
Other Spec. Rev. - Retaining Interest	\$62.3	\$46.7
Other State Funds	\$204.9	\$149.9
Independent Agency Funds	\$78.5	\$106.0
<b>Total Cash Pool</b>	<b>\$404.5</b>	<b>\$302.6</b>

### Status of Legislative Studies

Mr. Norton provided a written status report that is included in the Legislative Council meeting materials. Mr. Norton stated that all joint standing committees, except for the Appropriations Committee, have concluded their interim committee work. He noted that the Fish and Wildlife Committee was meeting today to discuss carryover bills and budget issues.

The Teacher Compensation study convened on Monday and had a productive meeting. The committee will issue a report that will recommend, among other things, that the study be extended into next interim.

Speaker Pingree stated that she and the Senate President sent a memo out to committee chairs about working closely with OPLA staff to schedule public hearings during the first part of January, making the beginning of the session very productive for everybody. The Appropriations Committee will begin its public hearings on the budget on January 5<sup>th</sup>. She noted that Mr. Norton has been very helpful in preparing the legislature for an early start on committee work.

Speaker Pingree also noted that the Revisor's office had completed drafting and processing all bills by the start of the session which was very helpful; she thanked the Revisor's staff as well as the House Clerk and the Senate Secretary who had printed and referred a majority of those bills to committees.

Chair Pingree asked if there was any objection to taking up the two after deadline bills tabled earlier in today's meeting. Hearing none, the Legislative Council proceeded to consider and vote on 2 after deadline requests. Both of the tabled after deadline requests were authorized for introduction in the

2nd Regular Session of the 124th Legislature. The Legislative Council's votes on those bills are noted on the attached list.

## REPORTS FROM COUNCIL COMMITTEES

### 1. Personnel Committee

Personnel Committee Chair Pingree reported that the interview panel consisting of President Mitchell, Senator Raye, Representative Tardy and herself, has been interviewing candidates for the Revisor and the Director of Information Technology positions. She stated that the interview panel has made very good progress in evaluating candidates for these important positions, and she anticipated presenting hiring recommendations to the Legislative Council at its January meeting. She also mentioned that she may schedule the January meeting of the Legislative Council to a time earlier in the month so the decisions on the director positions can be made as soon as possible.

### 2. State House Facilities Committee

(No Report)

### 3. Budget Subcommittee

(No Report)

### 4. CSG Annual Meeting Planning Subcommittee

Senator Bartlett reported that he and co-chair Representative Smith attended the CSG/ERC Executive Committee in New York City along with a number of other legislators from Maine. He and Representative Smith were formally voted in as the chair and co-chairs of CSG/ERC for the upcoming year. They had very fruitful discussions on content planning for the upcoming annual meeting. He noted that there needs to be a great deal of fundraising for the event, and there have been preliminary discussions.

There was no Old Business. Chair Pingree then proceeded to **Item 2** under New Business.

## NEW BUSINESS

### ITEM #2: Schedule for Legislative Office Closure Days for 2010

Mr. Boulter provided an overview of the issue. In the budget approved by the Legislative Council was a series of reductions in the Personnel Services portion of the Legislature's budget to help balance the state budget. It included among other things, closure of legislative offices on various days (shutdown days) during the biennium. In June 2009, the Legislative Council established the schedule for legislative shutdown days for the first part of 2009 and it is now necessary for the council to make a decision about shutdown days for the legislature for calendar year 2010 in order to meet the required budget savings. He drew the Legislative Council members' attention to his memo that outlined the closure day schedule for all Executive Branch employees with the exception of those who are exempt by the nature of their work. Most of the Executive Branch office closure days are associated with a holiday, either immediately preceding or following the holiday. There are 10 shutdown days in 2010. Mr.

Boulter stated that a schedule for office closure is a decision of the Legislative Council but some budget savings are necessary to ensure the Legislative budget is balanced.

Representative Pingree reminded the Legislative Council members that the council had postponed its decision on office closure days for 2010 in order to assess the potential effects of closure days for the legislature during the 2<sup>nd</sup> regular session. She stated that she and President Mitchell felt it was appropriate for legislative employees to take the same shutdown days as those in the Executive Branch. Furthermore, holding a legislative session on an Executive Branch shutdown day would be difficult for those Executive Branch employees who need to be at the Legislature. She concluded by saying that it makes sense to follow the same shutdown day schedule established for the Executive Branch for 2010, but that it was open for discussion.

**Motion:** That the Legislative Council adopt a legislative office closure schedule for the remainder of the 124<sup>th</sup> Legislature, consisting of the same shutdown days as established for Executive Branch employees, described in the Executive Director's memo. Motion by Senator Mitchell. Second by Senator Raye. **Motion passed unanimous. (9-0)** [Representative Tardy absent for vote.]

### **ITEM #3: Study on the Feasibility of and Process for the Creation of an Insurance Fraud Division within the Bureau of Insurance**

**Motion:** That the Legislative Council accept the Bureau of Insurance, Department of Professional and Financial Regulation's report and place it on file. Motion by Senator Mitchell. Second by Senator Raye. **Motion passed unanimous. (9-0)** [Representative Tardy absent for vote.]

### **ITEM #4: Collective Bargaining Matters (Executive Session)**

**Motion:** That, in accordance with 1 MRSA section 405, subsection 6, the Legislative Council enter into an executive session for the purposes of discussing collective bargaining negotiations between the employee representative for the Administrative Unit of Legislative Employees and the Legislative Council. **Motion by Senator Mitchell. Second by Senator Marraché. Motion passed unanimous. (9-0)** [Representative Tardy absent for vote.]

The council entered into an executive session at 2:27 P.M. The council ended its executive session at 2:45 P.M. Motion by Senator Mitchell. Second by Senator Raye. **Motion to adjourn the executive session passed, unanimous. (9-0)** [Representative Tardy absent for vote.]

The Legislative Council resumed its general meeting.

### **ANNOUNCEMENTS AND REMARKS**

None

### **ADJOURNMENT**

The Legislative Council meeting was adjourned at 2:46 P.M. Motion by Senator Mitchell. Second by Senator Raye. **Motion to adjourn passed, unanimous. (9-0)** [Representative Tardy absent for vote.]

**Legislative Council Action  
On Legislative Bill Requests  
December 17, 2009**

**Tabled Requests**

**Senator Bartlett**

2371 An Act Regarding the Tax on Candy

Tabled pursuant to motion - 9-0

**Senator Bowman**

2323 An Act To Allow the Town of Wells and the Town of Ogunquit To Amend the Terms of Their Cost-sharing Agreement for Their Community School District and To Provide Each Town the Ability To Withdraw from the Wells-Ogunquit Community School District

6 - 3 Passed

**Representative Connor**

2073 An Act To Require the State To Pay the Costs of School Administration Consolidation

9 - 0 Passed

2357 An Act To Authorize a General Fund Bond Issue To Create Access to Dental Care throughout the State

8 - 1 Passed

**Senator Courtney**

2068 An Act To Maintain Funding for Death Benefits for Law Enforcement Personnel and Firefighters

Tabled pursuant to motion - 9-0

2141 An Act To Repeal the Sales Tax on Automobile Repairs

Tabled pursuant to motion - 9-0

**Representative Crockett, P.**

2195 An Act To Make Improvements to the Laws Governing the State Board of Corrections

Tabled pursuant to motion - 9-0

**Representative Fossel**

2342 An Act To Establish an Insurance Fraud Division

2 - 7 Failed

**Representative Hill**

2497 An Act To Exempt from the Increased Lodging Tax Group Lodging Contracts That Were Entered into before June 13, 2009

Tabled pursuant to motion - 9-0

**Representative Langley**

2088 An Act To Repeal Recent Changes to the Laws Governing Taxation

Tabled pursuant to motion - 9-0

**Legislative Council Action  
On Legislative Bill Requests  
December 17, 2009**

**Tabled Requests**

**Representative MacDonald**

2239	An Act To Amend the Law Implementing Tax Reform To Improve Household Credits and Encourage Investments and Charitable Giving and Reduce the Tax Burden for Catastrophic Medical Expenditures	Tabled pursuant to motion - 9-0
------	--	---------------------------------

**Senator Marrache**

2327	An Act To Authorize a General Fund Bond Issue To Create a New Electronic Medical Records Infrastructure	8 - 1    Passed
------	---	-----------------

**Representative McFadden**

2194	An Act To Remove the Requirement That the Annual Budget of a Regional School Unit Must Be Approved at a Budget Validation Referendum	9 - 0    Passed
------	--	-----------------

**Representative McLeod**

2285	An Act To Establish a Duty To Report Serious Injuries	9 - 0    Passed
------	---	-----------------

**Representative Miller**

2106	An Act To Allow a School To Withdraw from a Regional School Unit	9 - 0    Passed
------	--	-----------------

**Senator Nass, R.**

2309	An Act To Reinstate Income Tax Indexing	Tabled pursuant to motion - 9-0
2338	An Act To Amend the Laws Governing County Jail Budgeting for York County	9 - 0    Passed

**Representative O'Brien**

2201	An Act To Exempt from Penalties School Administrative Units That Would Lose Subsidy as a Result of Reorganization	9 - 0    Passed
2202	An Act To Require the Department of Education To Calculate Subsidy on the Basis of Membership in a Regional School Unit or an Alternative Organizational Structure and as if the School Administrative Unit Had Not Reorganized as of 2009	9 - 0    Passed

**Legislative Council Action  
On Legislative Bill Requests  
December 17, 2009**

**Tabled Requests**

**Senator Perry, J.**

2428	An Act To Exempt the Town of Hermon from the School Administrative Unit Consolidation Law	9 - 0	Passed
2431	An Act To Implement Comprehensive Tax Reform	Tabled pursuant to motion - 9-0	

**Representative Piotti**

2299	An Act To Adjust the Implementation of Possible Tax Changes	Tabled pursuant to motion - 9-0	
------	---	---------------------------------	--

**Representative Rotundo**

2353	An Act To Waive Certain Penalties Imposed against School Administrative Units if the State Has Not Fulfilled Its Goal of Paying 55% of Costs	9 - 0	Passed
------	--	-------	--------

**Representative Saviello**

2271	An Act To Form a Western Maine Regional School Unit	9 - 0	Passed
------	---	-------	--------

**Representative Theriault**

2076	An Act To Authorize a General Fund Bond Issue To Purchase and Upgrade Trackage of the Montreal, Maine and Atlantic Railway	7 - 2	Passed
------	--	-------	--------

**Senator Trahan**

2042	An Act To Make Retroactive the Sales Tax Exemption for Meals Served to Residents of Retirement Facilities	Tabled pursuant to motion - 9-0	
------	---	---------------------------------	--

**Representative Watson**

2238	An Act To Improve the Law Implementing Tax Reform	Tabled pursuant to motion - 9-0	
------	---	---------------------------------	--

**Representative Webster**

2387	An Act To Create Fair Education Funding for Regional School Units	9 - 0	Passed
------	---	-------	--------

**Legislative Council Action  
On Legislative Bill Requests  
December 17, 2009**

**After Deadline Requests**

**Senator Damon**

2527 An Act To Clarify Safety Requirements in Acadia National Park

9 - 0 Passed

**Representative Mitchell, W.**

2537 An Act To Amend the Bingo Laws

9 - 0 Passed

Total number of bills accepted: 17

Total number of bills tabled: 12

Total number of bills screened: 30



MAINE STATE LEGISLATURE

OFFICE OF THE EXECUTIVE DIRECTOR  
LEGISLATIVE COUNCIL

**Executive Director's Report  
January 21, 2010**

1. Participation in on-site health programs

The H1N1 and season flu clinic held on January 12<sup>th</sup> was well attended, with 334 influenza vaccinations administered to legislators and employees. This was the second of two flu clinics held; over 165 seasonal flu shots were administered during the earlier flu clinic.

Sixteen legislative employees, representing nearly all legislative offices, participated in a CPR training class held at the State House on January 19<sup>th</sup>. The goal is to encourage legislative staff to be fully informed on the fundamentals of CPR, first aid and use of an AED should an emergency arise.

2. Email notification of expense payments to legislators

As reported earlier, legislators may now receive email notification using their designated email address whenever a state payment is made to their financial account. This notification allows legislators to know when deposits are to be made to their accounts along with transaction details. Since it was announced one week ago, 70 legislators have registered for this free service.

3. Library as potential repository for rules adopted by reference

The Law and Legislative Reference Library is pursuing discussions with the Secretary of State's office about becoming a designated repository for adopted state rules and standards that do not appear in full text in agency rules including those incorporated by reference, such as fire, plumbing and building codes. As a repository, the library would become a readily accessible resource for agencies, other librarians, legislators and patrons who are seeking access to those rules and codes.

4. Preparation of Legislators' tax packets

Legislator tax packets for calendar year 2009 prepared by the Office of the Executive Director will be distributed to all legislators on Thursday, January 28<sup>th</sup>. The packet provides important tax information related to legislator payments that legislators will need in order to prepare their 2009 income tax returns.

O:\Council\124th Legislative Council\ED Report\Executive Director's report 2010-1-21.doc 1/20/2010 11:45 AM



# Fiscal Briefing

Legislative Council Meeting – January 21, 2010

*Prepared by the Office of Fiscal & Program Review*

## 1. Revenue Update (also see attached tables)

Total General Fund Revenue - FY 2010 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Growth
December	\$213.2	\$243.4	\$30.2	14.2%	\$241.5	0.8%
FYTD	\$1,175.1	\$1,208.1	\$33.0	2.8%	\$1,285.8	-6.0%

General Fund revenue in December was \$30.2 million (14.2%) over budget and was \$33.0 million (2.8%) over budget for the first half of FY 2010 based on the revised budgeted amounts of the December 2009 Revenue Forecast. General Fund revenue collections for the first half of FY 2010 declined 6.0% from the same period in FY 2009.

With the exception of Sales and Use Taxes and Service Provider Tax, all major General Fund tax categories were above budget with Corporate Income Tax leading the way at \$12.6 million over budget in December and for the fiscal year-to-date (FYTD). While December's positive performance is good news, a majority of this positive variance for December is related to timing issues. Over the course of this fiscal year much of this positive variance or "cushion" will be offset. Cigarette Tax and Transfers to Tax Relief Programs, which contributed just under \$10 million to December's positive variances, are the most significant examples of temporary variances that will likely be offset in January. \$2.8 million of the positive variance in the Other Revenue category was from Milk Pool distributions. That positive variance will be eliminated by the end of FY 2010.

Individual Income Tax estimated payments, which are due January 15th, were over budget in December. Some of this may represent greater than budgeted early payments by taxpayers to reduce their 2009 federal income tax liability. These early payments in December will reduce January receipts, potentially increase refunds or reduce final payments due April 15<sup>th</sup>.

December's Sales Tax performance, although under budget in December, was much closer to revised targets and is virtually on target for the first half of FY 2010. However, the Service Provider Tax, which was not adjusted in the December forecast, has fallen further below projections and was \$0.8 million (3.1%) below projections for the first half of FY 2010. Consumption of taxable goods and services remains weak. January revenue representing the remainder of holiday sales will be an important indicator for the next revenue forecast update.

Total Highway Fund Revenue - FY 2010 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Growth
December	\$22.6	\$23.7	\$1.1	4.9%	\$26.4	-10.2%
FYTD	\$135.8	\$139.5	\$3.7	2.7%	\$145.0	-3.8%

Highway Fund revenue was \$1.1 million (4.9%) over budget in December. Primarily due to the gasoline tax portion of the Fuel Taxes category, the total variance for the FYTD was \$3.7 million (2.7%). Because the gasoline tax was not adjusted in the December forecast, the monthly distribution of budgeted revenue was also not adjusted. That monthly distribution had built up a positive variance of \$2.8 million for the gasoline tax through November.

With the exception of motor vehicle inspection fees, there were no other major variances from the revised revenue forecast. Motor vehicle inspection fees varied widely last fiscal year from month to month, but did average out close to budget by the close of the fiscal year. Expectations are the same for this fiscal year.

## 2. Cash Balances

Presented below is a summary of the State's average cash balances in December 2009 compared to December 2008. The reliance on internal borrowing to meet General Fund cash flow needs was at its highest level ever at \$300.0 million last month, \$175.0 million higher than December 2008. The December average balance for the total cash pool was \$330.2 million, almost \$74.3 million less than last December and significantly below the historical average (2001 to 2008) of \$523.9 million.

The State Treasurer and State Controller have been evaluating cash needs and cash flow projections. Their current assessment is that the cash pool can support this high level of internal borrowing through January (current budget assumptions had assumed internal borrowing through December).

The Dirigo Health Fund made some progress with the receipt of additional revenue from the final installment of the previously assessed savings offset payments. The average balance in the fund exclusive of the \$25 million General Fund cash advance was -\$16.1 million in December. With just 6 months remaining, it will be very difficult for Dirigo Health to reverse that \$16.1 million negative balance in order to repay the General Fund before the end of FY 2010.

Average balances for federal funds in December remained substantially negative as they were in the previous 2 months. This substantial negative balance was primarily related to MaineCare spending. The Department of Health and Human Services has not provided an explanation for the substantial negative balances. It appears to be coincident with unusually large payments related to hospital settlements. A similar negative balance occurred in May 2009 when another very large payment for hospital settlements occurred.

<b>Summary of Treasurer's Cash Pool</b>		
<b>December Average Daily Balances</b>		
<b>Millions of \$'s</b>		
	<b>2008</b>	<b>2009</b>
General Fund (GF) Total	\$20.2	\$16.3
General Fund (GF) Detail:		
Budget Stabilization Fund	\$130.9	\$0.2
Reserve for Operating Capital	\$40.6	\$0.0
Tax Anticipation Notes	\$0.0	\$0.0
Internal Borrowing	\$125.0	\$300.0
Other General Fund Cash	(\$276.3)	(\$283.9)
Other Spec. Rev. - Interest to GF	\$39.9	(\$15.9)
Other State Funds - Interest to GF	(\$13.1)	\$15.1
Highway Fund	\$11.8	\$20.4
Other Spec. Rev. - Retaining Interest	\$62.3	\$38.6
Other State Funds	\$204.9	\$152.4
Independent Agency Funds	\$78.5	\$103.2
<b>Total Cash Pool</b>	<b>\$404.5</b>	<b>\$330.2</b>

## 3. Winter Revenue Forecast Schedule

The Consensus Economic Forecasting Commission (CEFC) will meet on Monday, January 25<sup>th</sup> at 9:30AM in the Legislative Council Chambers to begin the winter forecast process. The Revenue Forecasting Committee will meet toward the end of February (very likely during the last week) to conclude the update of the revenue forecast in time for the March 1<sup>st</sup> reporting deadline.

**General Fund and Highway Fund Revenue**  
**Fiscal Year Ending June 30, 2010**  
**Reflecting Budgeted Amounts Through December 2009 Revenue Forecast**

**DECEMBER 2009 REVENUE VARIANCE REPORT**

Revenue Line	December '09 Budget	December '09 Actual	December '09 Variance	FY10 YTD Budget	FY10 YTD Actual	FY10 YTD Variance	FY10 YTD Variance %	FY10 Budgeted Totals
<b>General Fund</b>								
Sales and Use Tax	65,456,266	65,170,330.71	(285,935.29)	396,608,587	396,599,275.99	(9,311.01)	0.0%	897,654,270
Service Provider Tax	4,576,038	4,097,202.25	(478,835.75)	24,001,607	23,246,146.54	(755,460.46)	-3.1%	55,590,852
Individual Income Tax	120,576,592	125,933,530.24	5,356,938.24	612,991,452	618,348,388.96	5,356,936.96	0.9%	1,277,980,000
Corporate Income Tax	22,500,000	35,072,461.54	12,572,461.54	62,006,408	74,578,868.95	12,572,460.95	20.3%	118,045,922
Cigarette and Tobacco Tax	10,458,095	14,075,949.15	3,617,854.15	74,101,429	77,086,797.05	2,985,368.05	4.0%	140,139,902
Insurance Companies Tax	13,289	8,972.82	(4,316.18)	11,945,782	12,878,240.84	932,458.84	7.8%	71,985,000
Estate Tax	2,245,136	4,448,367.25	2,203,231.25	11,636,317	13,839,548.06	2,203,231.06	18.9%	29,593,253
Other Taxes and Fees	7,717,860	8,272,904.60	555,044.60	66,669,129	65,358,257.86	(1,310,871.14)	-2.0%	147,251,531
Fines, Forfeits and Penalties	2,367,036	2,498,295.84	131,259.84	16,818,152	17,027,583.98	209,431.98	1.2%	32,201,846
Income from Investments	(5,098)	(16,156.77)	(11,058.77)	248,297	186,074.63	(62,222.37)	-25.1%	(192,418)
Transfer from Lottery Commission	3,810,323	4,399,451.84	589,128.84	24,767,124	26,183,328.28	1,416,204.28	5.7%	49,534,250
Transfers to Tax Relief Programs	(22,736,301)	(16,392,743.43)	6,343,557.57	(81,953,328)	(75,609,770.32)	6,343,557.68	7.7%	(112,059,862)
Transfers for Municipal Revenue Sharing	(7,850,018)	(7,850,025.68)	(7.68)	(52,040,917)	(52,040,710.47)	206.53	0.0%	(100,888,428)
Other Revenue	4,021,848	3,662,047.29	(359,800.71)	7,265,249	10,374,745.65	3,109,496.65	42.8%	40,408,604
<b>Totals</b>	<b>213,151,066</b>	<b>243,380,587.65</b>	<b>30,229,521.65</b>	<b>1,175,065,288</b>	<b>1,208,056,776.00</b>	<b>32,991,488.00</b>	<b>2.8%</b>	<b>2,647,244,722</b>
<b>Highway Fund</b>								
Fuel Taxes	18,066,283	19,366,168.29	1,299,885.29	92,649,561	96,845,634.77	4,196,073.77	4.5%	215,292,026
Motor Vehicle Registration and Fees	3,495,224	3,527,229.85	32,005.85	35,068,685	35,159,860.11	91,175.11	0.3%	76,043,693
Inspection Fees	483,607	343,487.50	(140,119.50)	2,211,667	1,694,754.57	(516,912.43)	-23.4%	4,046,915
Fines, Forfeits and Penalties	121,376	121,376.30	0.30	850,451	850,451.29	0.29	0.0%	1,745,049
Income from Investments	8,000	8,774.22	774.22	71,445	72,218.91	773.91	1.1%	144,622
Other Revenue	445,428	353,690.00	(91,738.00)	4,993,294	4,878,054.76	(115,239.24)	-2.3%	8,215,870
<b>Totals</b>	<b>22,619,918</b>	<b>23,720,726.16</b>	<b>1,100,808.16</b>	<b>135,845,103</b>	<b>139,500,974.41</b>	<b>3,655,871.41</b>	<b>2.7%</b>	<b>305,488,175</b>

## Comparison of Actual Year-to-Date Revenue Through December of Each Fiscal Year

REVENUE CATEGORY	FY 2006	% Chg	FY 2007	% Chg	FY 2008	% Chg	FY 2009	% Chg	FY 2010	% Chg
<b>GENERAL FUND</b>										
Sales and Use Tax	\$418,714,548.29	3.3%	\$434,204,745.64	3.7%	\$439,204,185.16	1.2%	\$435,368,842.92	-0.9%	\$396,599,275.99	-8.9%
Service Provider Tax	\$18,622,863.08	0.5%	\$19,899,748.03	6.9%	\$21,604,610.83	8.6%	\$22,705,221.99	5.1%	\$23,246,146.54	2.4%
Individual Income Tax	\$601,139,418.04	6.1%	\$627,282,395.89	4.3%	\$654,470,832.13	4.3%	\$672,552,799.64	2.8%	\$618,348,388.96	-8.1%
Corporate Income Tax	\$90,767,543.44	49.5%	\$72,702,166.48	-19.9%	\$78,002,374.93	7.3%	\$68,654,946.63	-12.0%	\$74,578,868.95	8.6%
Cigarette and Tobacco Tax	\$76,821,990.42	53.7%	\$84,624,488.38	10.2%	\$78,417,297.88	-7.3%	\$77,622,764.45	-1.0%	\$77,086,797.05	-0.7%
Insurance Companies Tax	\$11,885,217.41	-21.1%	\$11,536,110.23	-2.9%	\$13,440,704.28	16.5%	\$12,531,119.13	-6.8%	\$12,878,240.84	2.8%
Estate Tax	\$47,701,811.13	205.1%	\$27,246,546.26	-42.9%	\$11,136,043.98	-59.1%	\$11,761,659.09	5.6%	\$13,839,548.06	17.7%
Other Taxes and Fees	\$61,181,692.47	6.0%	\$65,951,334.85	7.8%	\$62,953,550.32	-4.5%	\$62,606,292.03	-0.6%	\$65,358,257.86	4.4%
Fines, Forfeits and Penalties	\$16,776,675.26	0.5%	\$19,226,103.22	14.6%	\$21,899,683.21	13.9%	\$21,794,973.60	-0.5%	\$17,027,583.98	-21.9%
Earnings on Investments	\$2,918,778.76	53.0%	\$1,852,341.21	-36.5%	\$1,938,030.59	4.6%	\$1,405,722.44	-27.5%	\$186,074.63	-86.8%
Lottery Transfers	\$25,453,919.23	3.4%	\$25,650,002.45	0.8%	\$25,075,847.60	-2.2%	\$26,668,273.74	6.4%	\$26,183,328.28	-1.8%
Transfer from Lottery Commission	(\$77,847,796.52)	-243.7%	(\$75,124,818.98)	3.5%	(\$74,484,123.13)	0.9%	(\$83,879,539.11)	-12.6%	(\$75,609,770.32)	9.9%
Transfers to Tax Relief Programs	(\$53,621,225.39)	-12.5%	(\$50,027,176.09)	6.7%	(\$57,058,691.87)	-14.1%	(\$56,885,515.87)	0.3%	(\$52,040,710.47)	8.5%
Transfers for Municipal Revenue Sharing	\$22,634,097.43	-69.7%	\$16,392,774.26	-27.6%	\$17,228,751.89	5.1%	\$12,898,452.69	-25.1%	\$10,374,745.65	-19.6%
<b>Other Revenue</b>	<b>\$1,263,149,533.05</b>	<b>2.1%</b>	<b>\$1,281,416,761.83</b>	<b>1.4%</b>	<b>\$1,293,829,097.80</b>	<b>1.0%</b>	<b>\$1,285,806,013.37</b>	<b>-0.6%</b>	<b>\$1,208,056,776.00</b>	<b>-6.0%</b>
<b>HIGHWAY FUND</b>										
Fuel Taxes	\$96,743,673.36	-1.3%	\$98,323,156.04	1.6%	\$98,358,207.92	0.0%	\$94,536,644.34	-3.9%	\$96,845,634.77	2.4%
Motor Vehicle Registration and Fees	\$40,237,605.78	7.3%	\$39,671,640.89	-1.4%	\$39,760,034.83	0.2%	\$41,222,745.90	3.7%	\$35,159,860.11	-14.7%
Inspection Fees	\$2,459,568.89	3.3%	\$2,467,490.62	0.3%	\$2,440,301.10	-1.1%	\$2,010,587.68	-17.6%	\$1,694,754.57	-15.7%
Fines	\$922,398.97	4.0%	\$898,260.82	-2.6%	\$908,208.82	1.1%	\$880,014.34	-3.1%	\$850,451.29	-3.4%
Income from Investments	\$865,591.55	127.5%	\$425,656.53	-50.8%	\$754,602.33	77.3%	\$321,472.31	-57.4%	\$72,218.91	-77.5%
Other Revenue	\$5,743,458.79	13.5%	\$5,681,529.35	-1.1%	\$5,907,928.37	4.0%	\$6,050,448.13	2.4%	\$4,878,054.76	-19.4%
<b>TOTAL HIGHWAY FUND REVENUE</b>	<b>\$146,972,297.34</b>	<b>1.9%</b>	<b>\$147,467,734.25</b>	<b>0.3%</b>	<b>\$148,129,283.37</b>	<b>0.4%</b>	<b>\$145,021,912.70</b>	<b>-2.1%</b>	<b>\$139,500,974.41</b>	<b>-3.8%</b>

**Legislative Council Actions  
Taken by Ballot Since the  
December 17, 2009 Council Meeting**

**Request for Introduction of Legislation**

A. LR 2560      **Resolve, Concerning the Proper Disposal of Motor Fuels Containing Ethanol**

Submitted by: Senator Marrache

Accepted: January 19, 2010

Vote: 9 – 0 in favor  
(Rep. Piotti did not vote)

G:\Council\124th Legislative Council\Ballot\Actions Taken by Ballot by since 2009-12-17 meeting.doc 1/19/2010 10:47 AM

**Legislative Council**  
**After Deadline Requests to Introduce Legislation**  
**Second Regular Session 124<sup>th</sup> Legislature**  
**January 21, 2010**

**Action**

<b>SPONSOR:</b> LR 2532	<b>Sen. Alfond, Justin L.</b> An Act To Improve Dental Insurance Coverage for Maine Children
<b>SPONSOR:</b> LR 2509	<b>Rep. Beck, Henry E.</b> An Act To Assess Health and Safety Risks of Fireplaces and Wood Stoves
<b>SPONSOR:</b> LR 2508	<b>Rep. Blodgett, Anna D.</b> An Act To Prohibit the Use of a Cell Phone at a Pharmacy Counter
<b>SPONSOR:</b> LR 2506	<b>Rep. Campbell, Sr., James J.</b> An Act To Recognize Groundwater and Surface Water Equally as Public Trust Resources
<b>SPONSOR:</b> LR 2516	<b>Rep. Clark, Herbert E.</b> Resolve, Naming the Bridge Over Pattagumpus Stream the Nicatou Bridge
<b>SPONSOR:</b> LR 2535	<b>Rep. Connor, Gary A.</b> An Act Regarding the Commissioner of Education's Rule-making Authority
<b>SPONSOR:</b> LR 2517	<b>Sen. Courtney, Jonathan T.E.</b> An Act To Allow the Transfer of a Military Commercial Driver's License to a State Commercial Driver's License
<b>SPONSOR:</b> LR 2524	<b>Rep. Eves, Mark</b> An Act To Include All Children in the Conditions of Education Report
<b>SPONSOR:</b> LR 2515	<b>Rep. Fitts, Stacey Allen</b> Resolve, Directing the Department of Transportation To Place Signs at the Interstate Exits in Pittsfield Directing Motorists to Maine Central Institute
<b>SPONSOR:</b> LR 2533	<b>Rep. Flemings, Elspeth</b> An Act To Clarify Exemptions in the Milk Handling Fee

<b>SPONSOR:</b> LR 2531	<b>Rep. Hanley, Stephen P.</b> An Act To Amend the Charter of the Gardiner Water District
<b>SPONSOR:</b> LR 2559	<b>Rep. Hayes, Teresea</b> An Act To Provide a Safety Net through Voluntary Sales Tax Contributions
<b>SPONSOR:</b> LR 2510	<b>Rep. Magnan, Veronica</b> An Act To Provide Funding for Indigent Legal Services
<b>SPONSOR:</b> LR 2534	<b>Sen. Marrache, Lisa T.</b> An Act To Amend the Charter of the Kennebec Water District
<b>SPONSOR:</b> LR 2513	<b>Rep. Martin, John L.</b> An Act To Authorize the Transfer of the Fort Kent Armory from the Military Bureau to the University of Maine at Fort Kent
<b>SPONSOR:</b> LR 2544 Potentially Related LD 1731	<b>Rep. Mitchell, Wayne</b> An Act To Extend a Deadline for High-stakes Beano Fees Title An Act To Amend the Bingo Laws
	(Rep. Mitchell)
<b>SPONSOR:</b> LR 2507	<b>Sen. Perry, Joseph C.</b> An Act Regarding the Suspension of a Person's License If That Person Is Charged with Operating a Motor Vehicle while under the Influence of Drugs
<b>SPONSOR:</b> LR 2543	<b>Rep. Pilon, Donald E.</b> An Act To Display the Homeland Security Advisory System at Public Transportation Facilities
<b>SPONSOR:</b> LR 2539	<b>Sen. Simpson, Deborah L.</b> An Act To Protect Teacher Retirement Income
<b>SPONSOR:</b> LR 2547	<b>Sen. Simpson, Deborah L.</b> An Act To Provide an Incentive for Energy Conservation through Voltage Regulation
<b>SPONSOR:</b> LR 2555	<b>Rep. Trinward, Pamela Jabar</b> An Act To Clarify the Laws Governing Elections
<b>SPONSOR:</b>	<b>Rep. Tuttle, Jr., John L.</b>

LR 2545

An Act To Reinstate a System of Parole and To Establish  
a Program To Reintegrate Former Prisoners in the  
Community

**JOINT RESOLUTION**

**SPONSOR:**  
LR 2298

**Sen. Bliss, Lawrence S.**  
JOINT RESOLUTION MEMORIALIZING THE  
PRESIDENT OF THE UNITED STATES AND THE  
UNITED STATES CONGRESS TO FULFILL THE  
INTENT TO FUND 60% OF THE COSTS OF SPECIAL  
EDUCATION AND TO END UNFUNDED  
MANDATES

**JOINT RESOLUTION**

**SPONSOR:**  
LR 2044

**Rep. Boland, Andrea M.**  
JOINT RESOLUTION MEMORIALIZING THE  
PRESIDENT OF THE UNITED STATES AND THE  
UNITED STATES CONGRESS TO PROTECT THE  
PUBLIC, PARTICULARLY CHILDREN, FROM  
EXPOSURE TO ELECTROMAGNETIC FIELDS  
EMITTED BY CELLULAR TELEPHONES AND  
OTHER DEVICES

**JOINT RESOLUTION**

**SPONSOR:**  
LR 2511

**Rep. Boland, Andrea M.**  
JOINT RESOLUTION, MEMORIALIZING THE  
UNITED STATES SENATE TO RATIFY THE  
COMPREHENSIVE TEST BAN TREATY

**JOINT RESOLUTION**

**SPONSOR:**  
LR 2553

**Rep. Crockett, Patsy**  
JOINT RESOLUTION MEMORIALIZING THE  
UNITED STATES NAVY TO TRANSFER THE USS  
JOHN F. KENNEDY TO THE NONPROFIT  
ORGANIZATION "JFK FOR ME" FOR THE PURPOSE  
OF LOCATING THE SHIP IN PORTLAND HARBOR

**JOINT RESOLUTION**

**SPONSOR:**  
LR 2529

**Rep. Russell, Diane Marie**  
JOINT RESOLUTION MEMORIALIZING THE  
PRESIDENT OF THE UNITED STATES AND THE  
UNITED STATES CONGRESS TO SUPPORT A  
STRONG CLEAN ENERGY BILL

**TABLED BY THE LEGISLATIVE COUNCIL**

**SPONSOR:**

**Sen. Bartlett II, Philip L.**

**Action**  
**TABLED 10/15/09**



LR 2371	An Act Regarding the Tax on Candy	
<b>SPONSOR:</b> LR 2068	<b>Sen. Courtney, Jonathan T.E.</b> An Act To Maintain Funding for Death Benefits for Law Enforcement Personnel and Firefighters	<b>TABLED 10/15/09</b>
<b>SPONSOR:</b> LR 2141	<b>Sen. Courtney, Jonathan T.E.</b> An Act To Repeal the Sales Tax on Automobile Repairs	<b>TABLED 10/15/09</b>
<b>SPONSOR:</b> LR 2195	<b>Rep. Crockett, Patsy</b> An Act To Make Improvements to the Laws Governing the State Board of Corrections	<b>TABLED 11/05/09</b>
<b>SPONSOR:</b> LR 2497	<b>Rep. Hill, Dawn</b> An Act To Exempt from the Increased Lodging Tax Group Lodging Contracts That Were Entered into before June 13, 2009	<b>TABLED 10/15/09</b>
<b>SPONSOR:</b> LR 2088	<b>Rep. Langley, Brian D.</b> An Act To Repeal Recent Changes to the Laws Governing Taxation	<b>TABLED 10/15/09</b>
<b>SPONSOR:</b> LR 2239	<b>Rep. MacDonald, W. Bruce</b> An Act To Amend the Law Implementing Tax Reform To Improve Household Credits and Encourage Investments and Charitable Giving and Reduce the Tax Burden for Catastrophic Medical Expenditures	<b>TABLED 10/15/09</b>
<b>SPONSOR:</b> LR 2309	<b>Sen. Nass, Richard A.</b> An Act To Reinstate Income Tax Indexing	<b>TABLED 10/15/09</b>
<b>SPONSOR:</b> LR 2431	<b>Sen. Perry, Joseph C.</b> An Act To Implement Comprehensive Tax Reform	<b>TABLED 10/15/09</b>
<b>SPONSOR:</b> LR 2299	<b>Rep. Piotti, John F.</b> An Act To Adjust the Implementation of Possible Tax Changes	<b>TABLED 10/15/09</b>
<b>SPONSOR:</b> LR 2042	<b>Sen. Trahan, A. David</b> An Act To Make Retroactive the Sales Tax Exemption for Meals Served to Residents of Retirement Facilities	<b>TABLED 10/15/09</b>
<b>SPONSOR:</b> LR 2238	<b>Rep. Watson, Thomas R.</b> An Act To Improve the Law Implementing Tax Reform	<b>TABLED 10/15/09</b>

**ADDENDUM**  
**LEGISLATIVE COUNCIL**  
**AFTER DEADLINE REQUESTS TO INTRODUCE LEGISLATION**  
**SECOND REGULAR SESSION 124<sup>TH</sup> LEGISLATURE**  
**January 21, 2010**

**Action**

<b>SPONSOR:</b>	<b>Rep. Dill, Cynthia A.</b>	
LR 2565	An Act To Enable the Installation of Broadband Infrastructure	
<b>Potentially Related LD</b>	<b>Title</b>	
1646	An Act To Establish a Broadband Policy for Maine	(Rep. Flaherty)

<b>SPONSOR:</b>	<b>Rep. Nelson, Mary P.</b>
LR 2564	An Act To Provide Transparency and Affordability in Health Insurance for Teachers

<b>SPONSOR:</b>	<b>Rep. Peterson, Matthew J.</b>
LR 2563	An Act To Minimize Health Impacts from Siting Energy Facilities

<b>SPONSOR:</b>	<b>Rep. Pratt, Benjamin</b>
LR 2566	<b>Marriner</b> An Act To Prohibit Large Groundwater Well Development on Public Lands

**JOINT RESOLUTION**

<b>SPONSOR:</b>	<b>Rep. Saviello, Thomas B.</b>
LR 2567	JOINT RESOLUTION MEMORIALIZING MEMBERS OF CONGRESS TO OPPOSE LOW-LEVEL FLIGHTS IN WESTERN MAINE

EXECUTIVE DIRECTOR'S  
OFFICE

2010 JAN 14 A 8:07

MRRA



January 8, 2010

The Honorable John E. Baldacci  
Governor of the State of Maine  
State House Station #1  
Augusta, Maine 04330

Subject: Annual Report of MRRA

Dear Governor Baldacci:

Pursuant to 5 MRSA §13083-S, I am writing to advise you of the activities of the Midcoast Regional Redevelopment Authority (MRRA) for the year ending December 31, 2009, at the completion of our second year of operation.

The statute requires that the report must address the following issues for the previous year:

**A. Description of the Authority's operations**

In March, Donald Hudson and Adam Cote were confirmed by the Maine Senate to serve as new Board of Trustees members. The Board of Trustees held its second Annual Meeting in October and elected the following officers for 2010:

Chair:	Arthur F. Mayo, III
Vice-Chair:	John Moncure
Treasurer:	Charles J. Spies III
Secretary:	Dana Totman
Officer:	Gary Brown

On April 9, 2009, MRRA received official notice from the U.S. Department of Housing and Urban Development in Washington, D.C. that the Reuse Master Plans for the Brunswick Naval Air Station and the Topsham Annex and their respective Homeless Assistance Submissions comply with the requirements of the Base Closure Redevelopment and Homeless Assistance Act of 1994 and its implementing regulations at 24 CFR 586. The homeless assistance program includes the establishment of a trust fund totaling \$686,605, which will allow Tedford Housing, through a contract with MRRA, to provide eight housing vouchers or units of permanent supportive housing and supportive services to homeless families, as well as

rental subsidies and counseling services for homeless youth and victims of domestic violence in the region of the base.

The Audited Financial Report for the period ending December 31, 2008 and Single Audit Act Report were presented to the Board of Trustees on April 21 by our auditors, MacDonald Page of Augusta, Maine, which the Board accepted and adopted. MacDonald Page provided an unqualified opinion on all reports and noted that they did not find any deficiencies in internal control over financial reporting.

This year we completed the development of the *BNAS Housing Disposition and Redevelopment Plan* funded by OEA and the Maine Housing Authority. The report addresses a broad cross section of highly technical marketing, design, financial and asset management matters that define the range of options available to MRRA to balance competing public and private objectives of how to manage the transition of the military family housing units into the private marketplace. The report presented a series of principles to guide future actions of MRRA, including:

- ❑ A two-tiered local and national marketing strategy that emphasizes “value” (as opposed to simply price) and targets first-time home buyers, working families and retirees who are both capable and motivated to invest in the revitalization of the Brunswick/Topsham market area .
- ❑ The rental units should be scattered throughout BNAS neighborhoods, preferably at a concentration of less than 20%.
- ❑ Purchase of the housing assets at a price that enables a strategic investment in the improvements necessary to establish these neighborhoods as communities of choice in a highly competitive marketplace.

MRRA was notified by Balfour Beatty that MRRA’s bid for 702 privatized housing units at NAS Brunswick was not accepted. Balfour Beatty is currently working with George Schott of Auburn to finalize a purchase and sale agreement.

On July 20, the Brunswick Town Council adopted an amendment to its zoning ordinance incorporating zoning language consistent with the Reuse Master Plan. The ordinance language was developed jointly by MRRA staff, consultants and the Town of Brunswick planning staff. The vote of the Town Council was unanimous.

This year MRRA initiated the planning for the Brunswick Renewable Energy Center (BREC) with grants from the Economic Development Administration and Maine Technology Institute totaling \$400,000. We see BREC serving as an epicenter of Maine’s renewable energy technology future - a world-renowned business complex for integrated research and development, manufacturing, testing, company incubation and productive operation of green energy technology products and services.

In November MRRA presented its draft Operations Plan and Economic Development Conveyance (EDC) request to the Navy. The EDC application MRRA presented incorporates key elements of the NAS Brunswick Business Plan relative to operations, financial strategy, and economic development required to successfully convert the former Navy installation. The large land mass, rural location, and negative impact of base closure to a small community will pose significant challenges as MRRA assumes responsibility of a complex array duties, including business recruitment to create a market for commercial real estate, public works to operate and maintain side-wide infrastructure, property management to protect real estate assets and generate income for reinvestment, and land development to prepare property for the diverse mix of land uses envisioned in the reuse plan. MRRA is proposing to acquire a significant portion of the NASB site not related to aviation through a "low cost" EDC and to serve as master developer to strategically transform the property.

The comprehensive operating plan incorporated public infrastructure needs, infrastructure investments with cost modeling and phasing, project financing, development phasing, market absorption rates, real estate sales and lease management strategies, and general operating costs under the rubric of a general property disposition strategy for NASB, including the Topsham Annex.

In December MRRA submitted its completed Airport Master Plan, Airport Layout Plan and Public Benefit Conveyance (PBC) request to the Navy and the Federal Aviation Administration. The PBC application incorporates key elements of the NAS Brunswick Airport Master Plan relative to operations, financial strategy, and economic development required to successfully convert the former Navy airfield into a successful general aviation airport. The airport property will be owned by MRRA and designated a public-use facility following its transfer. A letter has been filed by the New England Regional FAA Office in support of MRRA's request to have the airport included in the National Plan of Integrated Airport Systems (NPIAS) allowing the airport to compete for federal capital improvement dollars.

The Board of Trustees this year also adopted the following mission statement and redevelopment goal:

*The mission of Midcoast Regional Redevelopment Authority (MRRA) is to:*

Implement the master reuse plans for the NASB and Topsham Annex, manage the transition of those properties from military to civilian uses, and facilitate the rapid redevelopment of the properties by creating good high quality jobs in order to replace the local, regional and statewide economic effect of the active base.

To implement the mission the Board adopted the following goals:

*Short-term Goal:*

Recover active base civilian employment (create approximately 700 jobs).

*Intermediate Goals:*

Recover economic impact of active base (create approximately \$140 million in annual payroll).

Recover total active base employment (create approximately 2,700 full-time jobs).

*Long-term Goal:*

Realize maximum build-out of base properties (create approximately 14,000 jobs).

In order to meet the economic development goal described above, MRRA has developed an aggressive property disposition and management strategy that maximizes the potential of rapid redevelopment. It includes several components:

- ❑ MRRA proposes to acquire the airport property (approximately 850 acres) through a public benefit conveyance (PBC) and take over airfield operations and lease hangar and maintenance spaces by summer 2010.
- ❑ MRRA proposes to acquire approximately 1,200 acres through a low cost economic development conveyance (EDC). Our goal is to have an EDC agreement in place prior to the Navy's closure.
- ❑ MRRA will work with the Navy to implement an interim leasing program for buildings as they are vacated by the Navy, to accommodate current business requests.
- ❑ Once the properties have been conveyed to MRRA, it will enter into long-term leases for buildings and sell property (land and/or buildings) for redevelopment.
- ❑ MRRA proposes to manage the airport as an airport authority and will partner with a fixed base operator to manage fuel sales, aircraft maintenance, pilot training and other related functions.
- ❑ In order to manage the roads, water, sewer, telecommunications and electric utility systems on the base, which will be conveyed with the land, MRRA proposes the establishment of a utility district and will partner with the various local service providers

Following a competitive bid process, the Board of Directors authorized the Executive Director in November to enter into a contract with WBRC Architects/Engineers for community design consulting services, as recommended by the Executive Committee. Work began on this project in December and is expected to be completed by the end of June 2010.

In December the Blue Angels flight demonstration team announced that it will perform at the Great State of Maine Air Show August 27 & 28, 2011. The year 2011 marks the centennial celebration of Naval Aviation. As a result of this announcement, a number of very highly

regarded aerobatic performers also want to be part of our first civilian show. This will provide a unique opportunity to showcase the base property to the aviation community and bring much needed dollars to area businesses and MRRA, as well as create other value added tourism opportunities for Maine. We also have plans to combine the air show with a business aircraft exposition.

***B. An accounting of the Authority's receipts and expenditures, assets and liabilities at the end of its fiscal year***

Please find attached an Unaudited Financial Report for the fiscal year ending December 31, 2009. A copy of the final Audited Financial Statement and Single Audit Act Report will be provided to your office upon completion.

***C. A listing of all property transactions pursuant to Section 13083-K***

No property was transferred to MRRA during 2009. MRRA currently leases building no. 37 as its offices from the Navy.

***D. An accounting of all activities of any special utility district formed under Section 13083-L***

The Midcoast Regional Redevelopment Authority submitted a public benefit conveyance application to the Federal Aviation Administration and Navy BRAC PMO office for the transfer of the airfield, aviation facilities and income generating property for the purpose of the operating a general aviation airport at NAS Brunswick. This application was accompanied by an Airport Master Plan and Airport Layout Plan. It is the intention of the Board of Trustees that MRRA will operate the airport under the provisions of 13083-L.

***E. A listing of any property acquired by eminent domain under Section 13083-N***

No property was acquired by MRRA through its powers of eminent domain.

***F. A listing of any bonds issued during the fiscal year under section 13083-I***

MRRA did not issue any bonds during 2009. The voters of Maine, however, approved a state transportation improvement bond which includes \$500,000 for investment in aviation facilities at the airport facility in Brunswick. The State Legislature also approved a bond referendum question which will be presented to the voters in June to approve \$3.25 million that will be used to address Americans with Disabilities Act deficiencies at base buildings, utility meter upgrades, and building removals and improvements. Another \$4.75 million is slated for building improvements on base necessary to prepare a campus of buildings for the establishment of a branch of Southern Maine Community College.

**G. A statement of the Authority's proposed and projected activities for the ensuing year**

Please find attached a copy of the 2010 Work Plan and Annual Budget approved by the Board of Trustees on December 15.

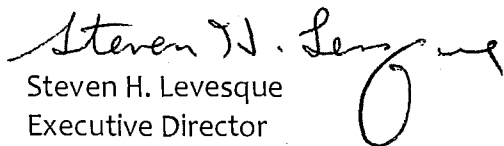
**H. Recommendations regarding further actions that may be suitable for achieving the purposes of this article**

The actual realization of new jobs and the timing of such at NASB will be dependent on several factors, including, but not limited to: receipt of successful and timely conveyances from the Federal Aviation Administration and Navy; the condition and stability of the national and local economic markets; and the availability of sufficient financial resources for property management, security and operations, infrastructure, property improvements and marketing.

Successful redevelopment of closed bases is a very long-term proposition, which requires substantial public and private resources and patience. A key element in successful base redevelopment efforts is the level of support provided by the local, state and federal governments.

Thank you for your interest and support of this important economic development project for the State of Maine.

Sincerely,



Steven H. Levesque  
Executive Director  
MRRRA

cc. David Boulter, Director, Legislative Council ✓  
Senator Elizabeth Schneider, Chair, BRED  
Representative Nancy Smith, Chair, BRED  
Joint Standing Committee on Business Research and Economic Dev.  
Jim Nimon, Governor's Office  
Gary Brown, Brunswick Town Manager  
Jim Ashe, Topsham Town Manager  
MRRRA Board of Trustees  
Jeffrey K. Jordan, Deputy Director



## MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY

### 2010 WORK PLAN

#### Plan Implementation

- ❑ Work with the towns of Brunswick and Topsham to develop a plan and strategies for the provisions of municipal services on the base upon transfer.
- ❑ Work with the Maine Department of Transportation in developing a transportation improvement plan for Bath Road, access to and from the base and US Route 1 in Brunswick, and improvements to the intersection of Route 201 and 196 in Topsham. Monitor planning and funding requests for other MDOT improvements, including Mill Street, Pleasant Street, and the Topsham by-pass.
- ❑ Continue to educate the public, civic and business leaders about the anticipated impact of base closure and opportunities to implement the Reuse Master Plans.
- ❑ Seek amendments in authorizing statute to extend same authority and benefits to MRRA as provided to the Loring Redevelopment Authority.

#### Studies

- ❑ Continue to work on the first two tasks of the Renewable Energy Feasibility Study plan to create a northeastern center of excellence for an integrated R&D, manufacturing, testing, business incubation and productive operation of green energy technology products and services.
- ❑ Complete the preparation of a *Design Guidelines Manual* for base redevelopment.
- ❑ Complete the IT infrastructure and business plan for NASB.
- ❑ Complete the Business Research plan/study funded by OEA.

#### Conveyance Management

- ❑ Work with the Navy, federal sponsoring agencies, and the organizations receiving public benefit conveyance property transfers at NSAB and the Topsham Annex site.

- ❑ Work with the Navy on other conveyance issues including, but not limited to, an economic development conveyance and an airport public benefit conveyance through the Federal Aviation Administration.
- ❑ Negotiate a Lease in Furtherance of Conveyance for hangar space, general aviation terminal space (Building 200), or other aviation buildings so that MRRA can lease space to an FBO and potentially an MRO.
- ❑ Work with the Navy to coordinate Resource Recovery and Conservation Act (RRCA) closures on priority buildings to support economic development.
- ❑ Seek an Environmental Services Cooperative Agreement (ESCA) and/or caretaker agreement with the Navy.

### Environmental Studies and Remediation

- ❑ Continue to work with and provide input to the Navy on the development of an Environmental Impact Statement (EIS) for NASB and an Environmental Assessment for the Topsham Annex consistent with the Reuse Master Plans.
- ❑ Work with the Navy, the Maine Department of Environmental Protection and the US Environmental Protection Agency, Region I Office, on environmental remediation strategy, phasing and implementation to support the Reuse Master Plans.
- ❑ Continue to serve on the Restoration Advisory Board (RAB) and participate in meetings to provide information and feedback to the Navy on environmental cleanup activities and planning on the base.

### Fund Raising and Development

- ❑ Secure funding from other federal, state and local sources to implement the initial phases of the capital improvement program as established in the Operations Plan.
- ❑ Seek funds to begin a marketing effort for base redevelopment in support of plan implementation.
- ❑ Conduct a fundraising campaign to raise money to support MRRA's business attraction program.
- ❑ Seek a grant from the Maine Department of Economic and Community Development's Office of Innovation and the Maine Technology Institute to secure funding for an Aviation and Technology Business Incubator.

## Property Management

- ❑ Secure funding from other federal, state and local sources to implement the Reuse Master Plans.
- ❑ Seek funds to begin a marketing effort for base redevelopment in support of plan implementation.

## Economic Development and Marketing

- ❑ Participate with the Midcoast Council of Governments and the State of Maine to develop a regional marketing plan and strategy.
- ❑ Work with Town of Brunswick, Town of Topsham and the State of Maine on strengthening economic development tools and strategies to support base redevelopment.
- ❑ Continue to participate in the Governor's Advisory Committee on issues of transportation, education and training, and economic development to support the Midcoast region as a result of the closing of NASB.
- ❑ Continue to build relationships and contacts in the identified business clusters that will support redevelopment of the base.
- ❑ Submit a Foreign Trade Zone application to the Federal Trade Board for Foreign Trade Zone designation for businesses located at NASB or an application to become a subzone of the Lewiston/Auburn Trade Zone.
- ❑ Develop an Economic Development Strategy to guide decisions on business incentives to support desired growth of the selected regional business clusters on base, enhance sustainable job creation and economic growth and environmental stewardship.
- ❑ Develop and monitor prospective tenant inquiries and refine further absorption expectations.
- ❑ Develop a business plan and management strategy for an Aviation and Technology Incubator and begin to identify business incubator opportunities and partners.

## Expected Deliverables

- ❑ Complete the first two tasks of the Renewable Energy Feasibility Study plan to create a northeastern center of excellence for an integrated R&D, manufacturing, testing, business incubation and productive operation of green energy technology products and services.

*Expected Completion Date: September 30, 2010*

- ❑ Submit a Foreign Trade Zone application to the Federal Trade Board

*Expected Completion Date: June 30, 2010*

- ❑ Complete the IT infrastructure and business plan for NASB.

*Expected Completion Date: December 31, 2010*

- ❑ Complete the Design Guidelines Manual for development at NASB.

*Expected Completion Date: December 31, 2010*

MIDCOAST REGIONAL REDEVELOPMENT AUTHORITY  
BALANCE SHEET  
AS OF DECEMBER 31, 2009

ASSETS

Current Assets

Checking/Savings

11010 • Bath Savings Institution

\$ 50,814.71

Total Checking/Savings

\$ 50,814.71

Accounts Receivable

11410 • Intergovernmental Receivable

\$ 258,633.00

Total Accounts Receivable

\$ 258,633.00

Other Current Assets

11811 • Accounts Receivable - EDA

\$ 1,401.05

11810 • Prepaid Expenses

\$ 5,123.98

Total Other Current Assets

\$ 6,525.03

Total Current Assets

\$ 315,972.74

Fixed Assets

12410 • Furniture and Equipment

\$ 31,398.56

12411 • Accum Depr - Furn and Equip

\$ (19,132.13)

12412 • Vehicles

\$ 31,299.00

12413 • Accumulated Depreciation Vehic.

\$ (8,392.00)

12414 • Photocopier

\$ 7,587.94

12415 • Accumulated Depreciation Photoc

\$ (2,908.58)

Total Fixed Assets

\$ 39,852.79

TOTAL ASSETS

\$ 355,825.53

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

24210 • Accounts Payable

\$ 175,475.68

Total Accounts Payable

\$ 175,475.68

Other Current Liabilities

24000 • Payroll Liabilities

\$ 28,987.20

24510 • Line of Credit Loan Payable

\$ 125,000.00

24610 • Accrued Salaries, Wages & Benef

\$ 17,255.99

24710 • Payroll Deduct. & Withholdings

\$ 1,520.77

24810-3 • Deferred Revenue - MTI

\$ 45,614.95

Total Other Current Liabilities

\$ 218,378.91

Total Current Liabilities

\$ 393,854.59

Long Term Liabilities

25210-1 • MRRA Vehicle Loan

\$ 22,237.86

25310 • Capital Lease Photocopier

\$ 4,827.29

Total Long Term Liabilities

\$ 27,065.15

Total Liabilities

\$ 420,919.74

Equity

32000 • Retained Earnings

\$ 18,787.42

Income since January 2009

\$ 1,615,154.62

Expenditures since January 2010

\$ (1,699,036.25)

Net Income

\$ (83,881.63)

Total Equity

\$ (65,094.21)

TOTAL LIABILITIES & EQUITY

\$ 355,825.53

Midcoast Regional Redevelopment Authority  
2009 Budget Report as of December 31, 2009

	Office of Economic Adjustment / CDBG			MRRA Special Revenue Fund			Dept of Commerce EDA/State of Maine MTI		
	Budget	Expended/ Received to Date	Percent of Budget	Budget	Expended/ Received to Date	Percent of Budget	Budget	Expended/ Received to Date	Percent of Budget
<b>Income</b>									
40200-1 Office of Economic Adjustment - DoD	\$2,460,667.00	\$2,213,314.00	89.95%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
40200-2 Dept. of Commerce- Econ Development Admin.	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$200,000.00	\$1,401.05	0.70%
40220-1 State of Maine - CDBG Small Cities	\$241,185.00	\$184,673.00	76.57%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
40220-2 State of Maine - MTI	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$200,000.00	\$1,401.05	0.70%
40220-4 State of Maine - Maine Housing Authority	\$10,000.00	\$10,000.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
40303-1 Maine DECD BRAC IT Contract	\$0.00	\$0.00	0.00%	\$40,000.00	\$27,750.00	69.38%	\$0.00	\$0.00	0.00%
40421 Donations from Private Sources	\$0.00	\$0.00	0.00%	\$12,000.00	\$12,000.00	100.00%	\$0.00	\$0.00	0.00%
40450 Miscellaneous Income	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$6,925.00</u>	<u>\$6,925.00</u>	<u>100.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>
<b>Total Income</b>	<b>\$2,711,852.00</b>	<b>\$2,407,987.00</b>	<b>88.79%</b>	<b>\$58,925.00</b>	<b>\$46,675.00</b>	<b>79.21%</b>	<b>\$400,000.00</b>	<b>\$2,802.10</b>	<b>0.70%</b>
<b>Expenses</b>									
50100 - Personnel Services									
50102 - Salaries	\$707,087.00	\$719,292.61	101.73%	\$0.00	\$0.00	0.00%	\$149,666.00	\$0.00	0.00%
50103 - Wages	\$214,810.00	\$187,443.25	87.26%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50108 - Other Pay	\$0.00	\$0.00	0.00%	\$2,500.00	\$2,500.00	100.00%	\$0.00	\$0.00	0.00%
50150 - Overtime Wages	<u>\$10,000.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>
<b>Total 50100 - Personnel Services</b>	<b>\$931,897.00</b>	<b>\$906,735.86</b>	<b>97.30%</b>	<b>\$2,500.00</b>	<b>\$2,500.00</b>	<b>100.00%</b>	<b>\$149,666.00</b>	<b>\$0.00</b>	<b>0.00%</b>
50200 - Employee Benefits									
50201 - Unemployment Compensation	\$2,465.00	\$2,304.00	93.47%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50202 - Workers' Compensation Insurance	\$5,314.00	\$4,856.00	91.38%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50211 - Deferred Compensation	\$66,562.00	\$62,064.42	93.24%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50230 - FICA Taxes	\$73,586.00	\$65,172.39	88.57%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50260 - Other Employee Benefits	<u>\$159,500.00</u>	<u>\$134,758.88</u>	<u>84.49%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$46,230.00</u>	<u>\$0.00</u>	<u>0.00%</u>
<b>Total 50200 - Employee Benefits</b>	<b>\$307,427.00</b>	<b>\$269,155.69</b>	<b>87.55%</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>\$46,230.00</b>	<b>\$0.00</b>	<b>0.00%</b>
50300 - Supplies									
50300-1 - Supplies	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$5,000.00	\$1,463.29	29.27%
50301 - Office Supplies	\$8,200.00	\$8,032.12	97.95%	\$1,153.87	\$1,153.87	100.00%	\$0.00	\$0.00	0.00%
50305 - Books and Periodicals	\$2,376.00	\$1,974.44	83.10%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50306 - Postage	\$4,400.00	\$4,512.52	102.56%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50307 - Photocopier	\$7,450.00	\$10,363.92	139.11%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50340 - Heating Fuel	\$8,000.00	\$6,113.40	76.42%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50371 - Gasoline & Oil	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$4,697.33</u>	<u>\$3,681.79</u>	<u>78.38%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>
<b>Total 50300 - Supplies</b>	<b>\$30,426.00</b>	<b>\$30,996.40</b>	<b>101.87%</b>	<b>\$5,851.20</b>	<b>\$4,835.66</b>	<b>82.64%</b>	<b>\$5,000.00</b>	<b>\$1,463.29</b>	<b>29.27%</b>

Midcoast Regional Redevelopment Authority  
2009 Budget Report as of December 31, 2009

	Office of Economic Adjustment / CDBG			MRRA Special Revenue Fund			Dept of Commerce EDA/State of Maine MTI		
	Budget	Expended/ Received to Date	Percent of Budget	Budget	Expended/ Received to Date	Percent of Budget	Budget	Expended/ Received to Date	Percent of Budget
50400 - Professional Services									
50401 - Employee Training	\$14,150.00	\$14,413.84	101.86%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50402 - Dues and Memberships	\$3,780.00	\$4,577.09	121.09%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50420 - Computer Services	\$20,000.00	\$15,576.09	77.88%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50450 - Legal Services	\$50,000.00	\$91,136.41	182.27%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50451 - Other Professional Services									
50451-1 - Town of Brunswick MOA	\$4,809.00	\$4,809.01	100.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50451-2 - Town of Topsham MOA	\$44,100.00	\$44,100.00	100.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-3 - Banking Services	\$2,800.00	\$2,310.27	82.51%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-4 - Payroll and Tax Prep. Services	\$3,010.00	\$3,472.28	115.36%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-5 - Brunswick Zoning Ordinance	\$15,444.00	\$15,443.88	100.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-7 - Wright Pierce Alter. Energy	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$37,000.00	\$560.00	1.51%
50541-8 - Oak Ridge National Lab.	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$52,000.00	\$0.00	0.00%
50541-9 - Environ. & Energy Coun. Of Me.	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$28,660.00	\$0.00	0.00%
50541-a - Airport Master Plan	\$400,000.00	\$401,350.00	100.34%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-b - Operations Plan	\$374,000.00	\$355,279.91	94.99%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-c - Consultant (Envir)	\$36,000.00	\$13,998.86	38.89%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-d - Consultant (Aviation)	\$39,000.00	\$24,352.38	62.44%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-e - Business Attraction	\$0.00	\$0.00	0.00%	\$11,906.62	\$11,906.62	100.00%	\$0.00	\$0.00	0.00%
50541-g - Residential Consultant	\$100,000.00	\$97,630.00	97.63%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-h - Architectural Design Guidelines	\$50,000.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-i - Engineering Services	\$50,000.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-j - Accounting Services	\$30,000.00	\$1,952.50	6.51%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-k-Town of Brunswick MOA	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-l- Business Research	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50541-m- Operational Mgt. Needs	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$34,500.00	\$0.00	0.00%
50452 - Audit Services	<u>\$16,000.00</u>	<u>\$7,500.00</u>	<u>46.88%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>
Total 50400 - Professional Services	\$1,253,093.00	\$1,097,902.52	87.62%	\$11,906.62	\$11,906.62	100.00%	\$152,160.00	\$560.00	0.37%
50500 - Property Services									
50500-1 Property Services	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$2,000.00	\$0.00	0.00%
50510 - Electricity	\$790.00	\$219.24	27.75%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50511 - Water and Sewer	\$500.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50512 - Telephone	\$12,932.00	\$13,242.94	102.40%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50520 - Building Maintenance	\$9,500.00	\$8,466.39	89.12%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50531 - Rent	\$4,800.00	\$4,061.61	84.62%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50551 - Waste Collection	<u>\$750.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>
Total 50500 - Property Services	\$29,272.00	\$25,990.18	88.79%	\$0.00	\$0.00	0.00%	\$2,000.00	\$0.00	0.00%

Midcoast Regional Redevelopment Authority  
2009 Budget Report as of December 31, 2009

Office of Economic Adjustment/CDBG

MRRA Special Revenue Fund

Dept of Commerce EDA/State of Maine MTI

	Budget	Expended/ Received to Date	Percent of Budget	Budget	Expended/ Received to Date	Percent of Budget	Budget	Expended/ Received to Date	Percent of Budget
50600 - Other Purchased Services									
50601 - Liability Insurance	\$18,000.00	\$15,524.10	86.25%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50603 - Automobile Insurance	\$0.00	\$0.00	0.00%	\$2,594.00	\$1,587.00	61.18%	\$0.00	\$0.00	0.00%
50610 - Travel	\$46,424.00	\$39,271.33	84.59%	\$12,288.66	\$12,288.66	100.00%	\$36,944.00	\$778.81	2.11%
50620 - Advertising	\$6,000.00	\$2,130.77	35.51%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50621 - Printing	\$11,500.00	\$12,452.17	108.28%	\$362.00	\$362.00	100.00%	\$8,000.00	\$0.00	0.00%
50699 - Contingency	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$9,210.20</u>	<u>\$9,210.20</u>	<u>100.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>
Total 50600 - Other Purchased Services	\$81,924.00	\$69,378.37	84.69%	\$24,454.86	\$23,447.86	95.88%	\$44,944.00	\$778.81	1.73%
50700 - Capital Outlay									
50705 - Capital Outlay - Buildings	\$26,630.00	\$25,879.89	97.18%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50730 - Capital Outlay - Equipment	\$12,400.00	\$12,016.57	96.91%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50740 - Capital Outlay - Tech. Hardware	\$13,283.00	\$7,275.87	54.78%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50741 - Capital Outlay - Tech. Software	\$25,500.00	\$4,283.74	16.80%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50790-1 Depreciation Expense - Vehicle	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50790-2 Depreciation Expense - Equipment	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50790-3 Depreciation Expense - Photocopier	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>
Total 50700 - Capital Outlay	\$77,813.00	\$49,456.07	63.56%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%
50800 - Debt Service									
50801 - Reduction of Principal - Vehicles	\$0.00	\$0.00	0.00%	\$11,729.40	\$9,061.14	77.25%	\$0.00	\$0.00	0.00%
50805 - Interest Expense - Vehicles	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$2,482.92</u>	<u>\$2,190.28</u>	<u>88.21%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0.00%</u>
Total 50800 - Debt Service	\$0.00	\$0.00	0.00%	\$14,212.32	\$11,251.42	79.17%	\$0.00	\$0.00	0.00%
Total Expense	\$2,711,852.00	\$2,449,615.09	90.33%	\$58,925.00	\$53,941.56	91.54%	\$400,000.00	\$2,802.10	0.70%





JOHN ELIAS BALDACCI  
GOVERNOR

STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL  
AND FINANCIAL REGULATION  
BUREAU OF INSURANCE  
34 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0034

EXECUTIVE DIRECTOR'S  
OFFICE  
2009 DEC 30 A 11:30

MILA KOFMAN  
SUPERINTENDENT

December 29, 2009

Honorable Peter B. Bowman  
Honorable Sharon Anglin Treat  
Joint Standing Committee on Insurance and Financial Services  
100 State House Station  
Augusta, ME 04333-0100

RE: Study on the Feasibility of and the Process for the Creation of an Insurance Fraud Division within the Bureau of Insurance

Dear Senator Bowman, Representative Treat, and Honorable Members of the Joint Standing Committee:

Please accept this amended report of the Bureau of Insurance, "Study on the Feasibility of and the Process for the Creation of an Insurance Fraud Division within the Bureau of Insurance." The report corrects Appendix B.

My staff and I would be pleased to answer any questions you may have regarding this report or the working group process used to study this issue.

Sincerely,

Mila Kofman  
Superintendent of Insurance



PRINTED ON RECYCLED PAPER

OFFICES LOCATED AT 124 NORTHERN AVENUE, GARDINER, MAINE 04345

[www.maine.gov/insurance](http://www.maine.gov/insurance)

Phone: (207) 624-8475 (Office)

TTY: 1-888-577-6690

Customer Complaint: 1-800-300-5000

Fax (207) 624-8599



DEPARTMENT OF

**Professional &  
Financial Regulation**

STATE OF MAINE

- OFFICE OF SECURITIES
- BUREAU OF INSURANCE
- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF LICENSING AND REGISTRATION

**A Report to the Joint Standing Committee on**

**Insurance and Financial Services of the**

**124<sup>th</sup> Maine Legislature**

**Study on the Feasibility of and Process for the Creation of  
an Insurance Fraud Division within the Bureau of Insurance**

**Submitted by the Bureau of Insurance,**

**Department of Professional and Financial Regulation**

**December 2009**

## Executive Summary

The Joint Standing Committee on Insurance and Financial Services of the 124th Maine Legislature directed the Bureau of Insurance to convene a working group of stakeholders to continue a discussion and review of several issues raised before the Committee during its consideration of LD 1285, An Act to Create the Insurance Fraud Division within the Bureau of Insurance. The Bureau was also directed to submit a report to the Committee on behalf of the Working Group with findings and recommendations.

The Bureau conducted three Working Group meetings in August and September 2009. Participants included representatives from 15 insurance companies, several insurance trade associations, the Maine Trial Lawyers Association, the Maine State Fire Marshal's Office, the Maine Workers Compensation Board and the Office of the Maine Attorney General. In addition to their participation in the Working Group sessions, members of the Working Group were invited to provide feedback on two preliminary drafts of this fraud unit report.

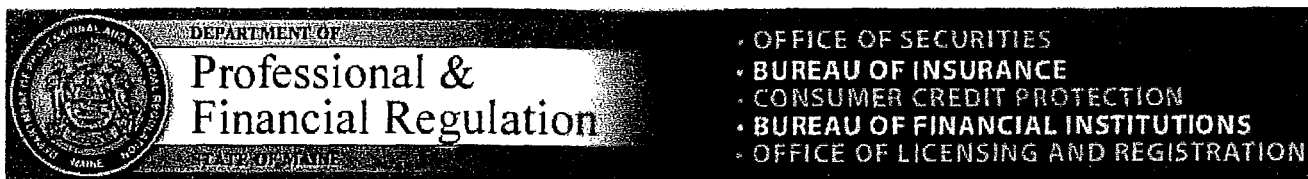
The following highlights the issues and legal questions noting when there was agreement, disagreement, and the Bureau's preferred approach:

- Although the extent of the problem is difficult to quantify, most members of the Working Group agreed that insurance fraud is a problem in Maine and that a dedicated fraud unit would be a useful tool to combat fraud. The Maine Trial Lawyers Association noted that there is no evidence of a significant problem.
- All members of the Working Group agreed that if a fraud unit is established, it should have broad authority to investigate all areas of insurance fraud, including claims fraud, premium fraud, fraudulent insurer practices and any other type of fraud that affects the Maine insurance market.
- Penalties for insurance fraud in Maine are adequate and do not need to be addressed at this time.
- Based upon input from stakeholders, the Bureau believes that mandatory reporting of insurance fraud is most appropriately limited to insurers and should not extend to other insurance professionals.
- Although many insurance industry representatives believed that immunity for reporting instances of fraud should be expanded to include insurer-to-insurer immunity, the Bureau believes that an appropriate immunity provision would be similar to that applicable to Fire Marshal investigations, which does not include insurer-to-insurer immunity.
- All members of the Working Group agreed that a fraud unit should be headquartered in the Bureau of Insurance and that the unit would work closely with the Fire Marshal, the Attorney General and local prosecutors. A dedicated prosecutor and resources at the

Office of the Attorney General would be needed to bring cases to trial. Experience in other states with fraud units shows that an effective fraud unit must have adequate resources.

## **Conclusion**

Working Group participants from the insurance industry were generally open to the need for the industry to fund a fraud unit; however, insurance industry members have expressed concerns that the total cost of a fraud unit should be reasonable and that the funding mechanism should be equitable among insurance companies.



A Report to the Joint Standing Committee on  
Insurance and Financial Services of the  
124<sup>th</sup> Maine Legislature

Review and Evaluation of LD 425, An Act To Require  
Private Insurance Coverage for Certain Services  
for Children with Disabilities

December 2009

Prepared by:  
Donna Novak, FCA, ASA, MAAA  
of NovaRest, Inc.  
Marti Hooper, CEBS  
Bureau of Insurance  
Department of Professional  
and Financial Regulations

## I. Executive Summary

LD 425 would require that all individual and group health insurance policies provide early intervention services for children ages birth to 36 months identified with a developmental disability or delay as described in the federal Individuals with Disabilities Education Act (IDEA). The coverage would require a referral from the child's primary care provider. The policy, contract, or certificate can limit coverage to \$3,200 per year for each child not to exceed \$9,600 by the child's third birthday.

Studies have shown that children's brains develop most quickly in the early years of life, resulting in the need and desire for early intervention services for children with disabilities. These services:

1. Enhance the child's development;
2. Provide support and assistance to the family; and
3. Maximize the child's and family's benefit to society.<sup>1</sup>

In 2007 there were 996 children in Maine under the age of 36 months (approximately 2.38 percent of the population in this age range) who were receiving early intervention services through the federal program IDEA Part C.<sup>2</sup> Many of these children may also be covered by health insurance since many of the insurers in Maine currently cover the benefits required by LD 425. It is possible that parents contact Child Development Services (CDS) in Maine for services rather than submitting claims to their insurance company, even when the services are covered by insurance.

Programs are currently available to provide early intervention services for children in Maine who do not have insurance and qualify.

Testimony indicated that budget deficits in Maine have resulted in narrowing of eligibility criteria for early intervention services, which may result in some "minimally involved" children being ineligible for the services through CDS that otherwise would have helped them succeed.

A number of states have mandates similar to LD 425. In other states there have been efforts to encourage patients to first submit their claims to private insurers before accessing public programs. In Arizona, for example, the state will pay cost

<sup>1</sup> [ericdigests.org <http://www.ericdigests.org/pre-928/help.htm>](http://www.ericdigests.org/pre-928/help.htm)

<sup>2</sup> Source: U.S. Department of Education, Office of Special Education Programs, Data Analysis System (DANS), OMB #1820-0557; "Infants and Toddlers Receiving Early Intervention Services in Accordance with Part C" 2007. Data updated as of July 15, 2008.

sharing for the individual, if they submit claims to their insurance company first.<sup>3</sup>

To the extent that these services are covered by MaineCare or IDEA Part C and, after the mandate, will be paid for by private insurance, the cost will be shifted from the public payers to the private payers. Based on claims data provided by MaineCare for enrollees with other third party coverage, we estimate that up to \$250,000 could be shifted to insurance plans from MaineCare payments.

The increase in claims cost, and therefore premiums, will depend on the increase in services that will be paid for by private insurance as a result of this bill over what is currently being covered by private insurance. Since most health insurers do currently cover many of these services, if they are submitted as claims, the increase in claims would be less than the total cost for early intervention services. Insurers in Maine estimated increases in premiums from \$0.22 to \$0.80 per member per month. Our independent estimate is that premiums would increase approximately \$0.12 to \$0.24 per member per month, for an average of approximately \$0.18 per member per month or 0.05 percent (one-twentieth of one percent). This does not reflect any potential savings from possible reductions in the need for future health services because there are no definitive studies demonstrating or quantifying these savings.

---

<sup>3</sup> AZDES.GOV <[https://cgov.azdes.gov/CMSInternet/uploadedFiles/Arizona\\_Early\\_Intervention\\_Program/tab\\_3\\_use\\_of\\_insurance.pdf](https://cgov.azdes.gov/CMSInternet/uploadedFiles/Arizona_Early_Intervention_Program/tab_3_use_of_insurance.pdf).

## II. Background

The Joint Standing Committee on Insurance and Financial Services of the 124th Maine Legislature directed the Bureau of Insurance (the Bureau) to review LD 425, An Act to Require Private Insurance Coverage for Certain Services for Children with Disabilities. The review was conducted as required by 24-A M.R.S.A., § 2752. This review was a collaborative effort of NovaRest, Inc. and the Bureau.

LD 425 would require that all individual and group health insurance policies provide early intervention services for children ages birth to 36 months with identified developmental disabilities or delays, as described in the federal Individuals with Disabilities Education Act (IDEA), Part C, 20 USC, § 1411, et seq. Coverage would include services from licensed occupational therapists, physical therapists, speech-language pathologists, or clinical social workers.

The coverage would require a referral from the child's primary care provider, and the policy, contract, or certificate can limit coverage to \$3,200 per year for each child not to exceed \$9,600 by the child's third birthday. There may also be provision for maximum benefits, coinsurance, reasonable limitations, and deductibles.





---

---

**Final Report  
of the  
Study Commission Regarding  
Teachers' Compensation**

**December 2009**

**The Office of Policy and Legal Analysis**

13 State House Station  
Room 215 Cross State Office Building  
Augusta, Maine 04333-0013  
Telephone: (207) 287-1670  
Fax: (207) 287-1275

---

## Executive Summary

The Study Commission Regarding Teachers' Compensation ("Commission") was established during the First Regular Session of the 124th Legislature by Resolve 2009, Chapter 138 ("Resolve"). During the public hearing on the Resolve, the Maine Education Association provided data to the Legislature to document that, despite the enactment of a minimum teachers' salary law and substantial increases in state subsidy to local schools in recent years, the salaries of Maine teachers have not kept pace with inflation and have declined in rank relative to teachers' salaries in other states in the nation. Other proponents for the Resolve advocated for broadening the scope of the review beyond teacher salaries so that the legislative study considered factors affecting the total compensation package provided to Maine teachers, as well as alternative models for teacher compensation and for collective bargaining. A strong majority of the Joint Standing Committee on Education and Cultural Affairs Education supported convening a legislative study to conduct a comprehensive review of teacher compensation with the expectation that the Commission would submit findings, recommendations and suggested legislation to ensure that all teachers are compensated with salaries and benefits that are commensurate with their professional responsibilities and in recognition of their essential role in the education of our children and the development of the State's economy.

The Commission was established to study all issues surrounding teacher compensation, including the relationship of state and local policies – in Maine and other jurisdictions – and to examine their effect on teachers' salaries and benefits. The Commission reviewed data that indicated that the salaries of Maine teachers, particularly beginning teachers, are among the lowest salaries in the nation. Even with the 2005 enactment of the \$30,000 minimum teacher salary requirements for Maine teachers, the Maine Department of Education reported to Commission members that \$729,944 in additional state subsidies were provided during the 2008-2009 school year to 85 school districts that are paying less than \$30,000.

Members of the Commission believe that teachers' pay is not commensurate with the level of effort required to do their job, the level of education required for their job, or the importance of teachers to the future of Maine's students. Low teacher pay has a negative effect on attracting new teachers to teacher training.

The Commission was only able to hold one meeting prior to the December 15<sup>th</sup>, 2009 deadline because the Governor's Office did not receive a recommendation for a nominee from the Maine State Council of the Society for Human Resource Management as required by the Resolve. The Commission made as much progress as it could in the short time frame. The Commission made several recommendations to the Joint Standing Committee on Education and Cultural Affairs, suggested the adoption of a number of goals and proposed a number of questions for further study. The Commission did not make any specific recommendations regarding alternative compensation systems, including performance-based compensation for teachers, since this issue is being examined by the Maine Department of Education as part of its duties pursuant to Resolve 2009, Chapter 109.

The Commission recommends that:

1. **The Legislature reconvenes the Commission with its existing membership in the 2010 interim.** The Commission believes that the issues surrounding teacher compensation are critical challenges that state policymakers must continue to address. In recognition of their essential role in the education and development of our children, the Maine Legislature should craft state policies that attract talented people to the teaching profession and that fairly compensate Maine teachers commensurate with their professional responsibilities. Reconvening the Commission during the 2010 legislative interim will also allow the Legislature to monitor and respond to the potential changes in federal law related to teacher preparation, induction and compensation as Congress considers the reauthorization of the federal Elementary and Secondary Education Act.
2. **The Joint Standing Committee on Education and Cultural Affairs considers the effects on teacher compensation when it is dealing with LD 551, An Act to Improve the Essential Programs and Services Funding Formula.** LD 551 was submitted in the First Regular Session of the 124<sup>th</sup> Legislature and carried over into the Second Regular Session. The Commission believes that LD 551 would be a useful venue to consider issues of teacher compensation given the short time frame in which the Commission had to work.

The Commission developed the following goals:

1. **Maine should aspire to raise Maine's ranking in average teacher salaries from 42<sup>nd</sup> in 2006-07 to closer to the middle of the pack.** In 2006-07, the average salary for teachers in Maine was \$42,103. For the same year, New Hampshire ranked 25<sup>th</sup> with an average salary of \$46,797 and Wisconsin ranked 26<sup>th</sup> with an average salary of \$46,707. The Commission would like to see Maine be "average" and pay salaries at a level closer to 25<sup>th</sup> or 26<sup>th</sup> in the nation rather than near the bottom.
2. **Maine should aspire to raise Maine's ranking in beginning teacher salaries from 44<sup>th</sup> in the nation to a ranking closer to the middle of the pack.** In 2006-07, the average beginning salary for teachers in Maine was \$28,517. For the same year, Minnesota ranked 25<sup>th</sup> with an average beginning salary of \$33,018 and Mississippi ranked 26<sup>th</sup> with an average beginning salary of \$32,141. The Commission would like to see Maine be "average" and beginning teacher salaries at a level closer to 25<sup>th</sup> or 26<sup>th</sup> in the nation.

Questions for further study:

1. **The impact of the ageing of Maine's teachers.** In 2008-09, 66.4% of Maine's teachers were over 40 years of age; 41.5% were over the age of 50. For many teachers, they must reach the age of 62 years before they can retire. At the same time, Maine's younger teachers are more likely to have Masters Degrees and carry a significant amount of college debt. The Commission would like to see a closer examination of enrollment in

teaching programs in Maine universities as well as find ways to lower the burden of student debt.

2. **Single contract for all Maine's teachers.** Maine law requires school districts to negotiate with local collective bargaining units. The Commission discussed the possibility of a single contract for all teachers to mitigate the effects of disparities in EPS subsidy based on labor market areas, as well as saving time with respect to collective bargaining. Currently, only Hawaii has a single statewide bargaining unit because all of Hawaii is encompassed in a single school district.



DEPARTMENT OF

Professional &  
Financial Regulation

- OFFICE OF SECURITIES
- BUREAU OF INSURANCE
- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF LICENSING AND REGISTRATION

## THE STATE OF COMPETITION IN THE MAINE WORKERS' COMPENSATION MARKET

Prepared by the Staff of the Maine Bureau of Insurance  
December 14, 2009

John E. Baldacci  
Governor

Anne Head  
Acting Commissioner

Mila Kofman  
Superintendent

## Executive Summary

Pursuant to 24-A M.R.S.A. § 2383-A the Superintendent of Insurance must report annually to the Governor and the Joint Standing Committee on Insurance and Financial Services on the status of competition in the workers' compensation market. This report examines different measures of market conditions. Workers' compensation insurance in Maine operates in an open competitive rating system. Typically, the National Council on Compensation Insurance (NCCI), the state's designated statistical agent, files annually advisory loss costs on behalf of insurers with the Bureau of Insurance. The advisory loss costs, which represent the portion of the rates that account for losses and loss adjustment expenses, must be approved by the Superintendent. Each insurer files for approval factors called loss cost multipliers. These account for company experience, overhead expenses, taxes, contingencies, investment income and profit. The advisory loss costs are multiplied by those factors to form rates for individual insurers. Other rating rules such as experience rating, schedule rating, and premium discounts also affect the ultimate premium amount paid by an individual employer.

On October 1, 2009 NCCI filed with the Bureau for an overall 7.0% decrease in advisory loss costs effective January 1, 2010. The filing was approved by the Bureau. Declining claims frequency since policy year 2000 has contributed to Maine's improved underwriting results. The average indemnity cost per case slightly increased in policy year 2007, the most recent data available. There was also a slight increase in medical benefit costs in policy year 2007; the average medical benefit cost per case has risen significantly since policy year 2000. This development is important because medical benefits constitute 53 percent of the total benefit costs in Maine. Medical costs and services are rising faster than overall inflation, as measured by the Consumer Price Index, and are rising faster than wages.

The decrease in the proposed advisory loss costs is not evenly distributed across all rating classifications. All five industry groups experienced declines, ranging from just under five percent to greater than 10 percent.

<u>Industry Group</u>	<u>Percent Decrease</u>
Miscellaneous	-9.3%
Manufacturing	-5.1%
Office Clerical	-4.8%
Contracting	-10.4%
Goods & Services	-4.9%

The change in loss costs for individual classifications within each group varies depending on the experience within each classification. Some employers will see premium decreases while other employers will see increases.

Maine Employers' Mutual Insurance Company (MEMIC), although they actively compete in the voluntary market, functions as the insurer of last resort in Maine. Although MEMIC's market share has dropped each of the last four years, the workers' compensation insurance market is still very concentrated. Much of the business is written by a small number of companies. There are,

however, continued signs that pricing has become more competitive. Some insurers have lowered their rates in hopes of attracting business. Additionally, the number of insurance companies becoming licensed to provide workers' compensation coverage in Maine has been on the increase for several years. Insurers other than MEMIC do not have to offer coverage to employers and can be more selective in choosing which employers to underwrite. In order to become eligible for lower rates, an employer needs to have a history of few or no losses, maintain a safe work environment, be willing to follow loss control recommendations, and strive to prevent and control any future losses.

MEMIC, which writes coverage both competitively and for employers not able to obtain coverage from other sources had a 0.3 percent decrease in market share in 2008. Though the decrease was slight, it marked the fourth straight decrease in market share for MEMIC, with a reduction in market share of four percent since 2004. Twenty eight insurers wrote more than \$1 million each in annual premium in 2008; this was one more company writing at that volume of business than in 2007. The top 10 insurance groups wrote 94% of the workers' compensation insurance in the state in 2008, the same as last year. Employers that maintain a safe work environment and control their losses should continue to see insurers competing for their business. New businesses and businesses with unfavorable loss experience have few options available. An insurer's willingness to offer credits and other pricing reductions also may be affected by expected investment returns and other marketing objectives.

Self-insured employers represented over 44% of the overall workers' compensation market in 2008, the third consecutive increase after reaching a low of about 40% in 2005. Self-insurance continues to be a viable alternative to the insurance market for some employers.



---

---

**Final Report  
of the  
COMMISSION TO STUDY  
ENERGY INFRASTRUCTURE**

**December 2009**

**The Office of Policy and Legal Analysis**

13 State House Station  
Room 215 Cross State Office Building  
Augusta, Maine 04333-0013  
Telephone: (207) 287-1670  
Fax: (207) 287-1275

---

---



## Executive Summary

Public Law 2009, chapter 372, Section F-4 established the Commission to Study Energy Infrastructure to examine and make recommendations regarding energy infrastructure development, with particular attention to agreements for the lease or use of state-owned land and assets for such development. Specifically, the commission was charged with the following duties:

1. Examining the feasibility and effects of the State entering agreements for leasing or otherwise allowing the use of state-owned land or assets for energy infrastructure, including submerged lands, the rights-of-way of the state highway system, the federal interstate highway system, state-owned or state-controlled rail corridors or other state transportation corridors, for the installation of lines, cables, pipelines or other structures for the transmission of energy resources, communication transmission systems or related facilities.
2. Developing a plan governing agreements for the lease or use of state-owned lands or assets for energy infrastructure that addresses at least the following:
  - a. Valuation, pricing and allocation methodologies to maximize the long-term public value through the most efficient and effective use of the state-owned lands and assets;
  - b. The potential effect of such agreements on renewable energy development in the State, the development of other energy projects in the State, including but not limited to liquefied natural gas terminals, energy consumers and ratepayers and natural resources and the environment.
3. Examining the policy issues relating to the construction or installation in this State of energy facilities greater than 75 miles in length.
4. Evaluating the need for changes in methods of taxation to ensure protection of the public health, safety and welfare.

In carrying out the above duties, the commission was charged with reviewing and analyzing relevant reports and information and monitoring proposed federal energy legislation that may significantly affect energy policy in this State. The enabling legislation also authorized the commission to consider ways in which the development of electric transmission systems or natural gas systems can help the State achieve its energy goals.

The 13-member commission included 3 members of the Senate appointed by the President of the Senate, 5 members of the House of Representatives appointed by the Speaker of the House of Representatives and 5 members appointed by the Governor. The commission convened on September 9, 2009 and held a total of 7 meetings to fulfill its duties. The final meeting was held on December 4, 2009.

## **Summary of Commission Recommendations**

The commission concluded its work with a three-way report. The Majority Report A was supported by 7 members; Minority Report B was supported by 5 members and Minority Report C was supported by 1 member.

### **Majority Report A**

The members who voted for Majority Report A recommend that policies and decisions regarding energy infrastructure development in the State be guided by principles that enhance opportunities for energy generation within the State; reduce electricity rates or other relevant energy costs; maximize long-term economic benefits for the State; ensure efficient utilization of the energy corridor; minimize conflict with the public purposes and management plans for the public land and mitigate any unavoidable impacts; limit and mitigate impacts of energy infrastructure on the landscape; increase energy reliability, security and independence; reduce greenhouse gases; avoid the use of lands subject to the provisions of Article IX, section 23 of the Maine Constitution; and maximize the benefit realized from the State's strategic location within New England and the northeastern region.

The majority recommends amending the law governing energy infrastructure corridors to designate several state-owned energy infrastructure corridors as "statutory corridors" and to continue a petition process for "petitioned corridors." They recommend establishing a process for the State to use when entering into occupancy agreements for construction and development of energy infrastructure within statutory corridors. They support establishing an interagency review panel to oversee the use of the statutory corridors, including soliciting, accepting and evaluating proposals for use and establishing standards for approval of use of statutory to ensure that their use is in the long-term best interests of the State. They recommend the use of long-term occupancy agreements, a consolidated environmental permit from the Department of Environmental Protection and, if the project is a transmission line, a certificate of public convenience and necessity from the Public Utilities Commission.

The majority recommends establishing standards for the use of a petitioned corridor, requiring all projects to obtain a corridor use certificate from the Public Utilities Commission, and requiring the Public Utilities Commission to deny projects that do not (a) enhance opportunities for energy generation in the State and (b) significantly and measurably reduce electricity rates or other relevant energy costs for electricity ratepayers and energy consumers in the State.

The majority recommends that, except when prohibited by law or the State Constitution, all revenues generated from the use of state-owned land and assets within energy infrastructure corridors be deposited in an energy infrastructure benefits fund and from there transferred to the Efficiency Maine Trust and used on a competitive basis to ensure the steady transition to energy independence and security. Efficiency Maine Trust would be required to give preference to proposals in three categories, with no more than 50 percent of expenditures in any one fiscal year devoted to any one category.

The majority recommends that the existing “sunset” on the energy infrastructure corridor laws be extended by 4 years from July 30, 2011, to July 30, 2015.

The majority recommends requiring annual reports to the Joint Standing Committee on Utilities and Energy from the interagency review panel regarding the activities of the panel in overseeing use of the statutory corridors and from the Efficiency Maine Trust regarding expenditure of funds from the energy infrastructure benefits fund. In addition, the Department of Transportation would be required to report by January 15, 2011, regarding current and potential uses of abandoned railroad corridors for energy infrastructure development. Finally, the majority recommends that, during the 125<sup>th</sup> Legislature, the Joint Standing Committee on Utilities and Energy be required to review the implementation of any legislation resulting from the recommendations of the commission.

### **Minority Report B**

The members who voted for Minority Report B recommend all of the provisions in Majority Report A and several additional provisions. These minority members recommend that the proposed standards and criteria to be applied by the interagency review panel for use of a statutory corridor also apply to the use of a petitioned corridor and to all electric transmission line projects, subject to a certificate of public convenience from the Public Utilities Commission. They recommend requiring the developer of a natural gas pipeline or an oil pipeline to obtain a certificate of public convenience and necessity and that the process for obtaining an oil and gas pipeline certificate of public convenience and necessity incorporate, as closely as possible, the standards, criteria and procedures for electric transmission lines.

These minority members recommend that the moratorium on energy infrastructure development that was established in Public Law 2009, chapter 372, section F-5 be extended beyond its current end date for a maximum of 1 year to provide sufficient time for the Public Utilities Commission to implement new certificate of public convenience of necessity requirements for electric transmission lines and to establish the certificate of public convenience and necessity standards for oil and natural gas pipelines.

### **Minority Report C**

One member of the commission voted in favor of Minority Report C. This member recommends that the State of Maine assert its own interests for the development of energy transmission corridors so that companies with the requisite capital and engineering capacity can proceed with proposals to build energy transmission corridors without having to encounter unnecessary contingencies. This member recommends that policies and decisions regarding energy infrastructure development be designed to support the following three interests of the State: (1) generating power within Maine for the New England market; (2) producing low-cost power within Maine for purchase by Maine consumers; and (3) enhancing Maine’s bargaining position within the regional energy market, including overcoming Canadian resistance to liquefied natural gas terminals in Maine.

On the basis of these three identified interests, this member recommends the establishment of an interagency review panel to approve or deny proposals for "energy supercorridors," which are defined as any new energy transmission lines or pipelines, regardless of type, the primary purpose of which is the transmission of energy from sources outside of Maine to users outside of Maine. The review panel would not have jurisdiction over energy infrastructure corridors created primarily to serve generators within the State or to lower costs or enhance reliability for Maine consumers. The review panel would be authorized to approve a proposal for an energy supercorridor only if it finds that the supercorridor: (1) is in the long-term public interest of the State; (2) will enhance opportunities to generate energy within the State or significantly and measurably reduce costs for energy consumers in the State; and (3) will not impede opportunities to develop new sources of energy supply in the State including a liquefied natural gas facility on the coast. The review panel would also be authorized to lease or convey property rights belonging to the public in a proposed supercorridor. Proceeds from the lease or conveyance of property rights in a supercorridor would be deposited in the energy infrastructure benefits fund for use by the Efficiency Maine Trust in accordance with the provisions regarding this fund which are included in Majority Report A and Minority Report B.



DEPARTMENT OF

**Professional &  
Financial Regulation**

STATE OF MAINE

- OFFICE OF SECURITIES
- BUREAU OF INSURANCE
- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF LICENSING AND REGISTRATION

A Report to the Joint Standing Committee

On Insurance and Financial Services of the

124<sup>th</sup> Maine Legislature

**Review and Evaluation of LD 1198**

**An Act To Reform Insurance Coverage To Include**

**Diagnosis for Autism Spectrum Disorders**

December 2009

Prepared by:

Donna Novak, FCA, ASA, MAAA  
of NovaRest, Inc.

Marti Hooper, CEBS

Bureau of Insurance

Department of Professional  
and Financial Regulations

# I. Executive Summary

Autism is a complex developmental disability that typically appears during the first three years of life and is the result of a neurological disorder that affects the normal functioning of the brain, impacting development in the areas of social interaction and communication skills. Both children and adults with autism typically show difficulties in verbal and non-verbal communication, social interactions, and leisure or play activities.<sup>1</sup> Diagnoses of autism spectrum disorders (ASD) are on the rise in the United States and in the State of Maine. Although it is unclear whether the actual incidence is on the rise or if the diagnosis is becoming more prevalent due to a broader definition of ASD and better efforts in diagnosis, it is a serious public health concern either way.<sup>2</sup> ASDs include autism, Asperger syndrome and pervasive developmental disorder not otherwise specified (PPD-NOS).

The current mental health parity mandate in Maine requires group health insurance contracts, other than those covering employers with 20 or fewer employees, to provide benefits at least equal to those for physical illnesses for a person receiving medical treatment for eleven categories of mental illness as defined in the Diagnostic and Statistical Manual (DSM), including ASD. However, many insurance companies will not cover services related to applied behavioral analysis (ABA), because it is considered educational or experimental or because it is not considered to be restorative. Also, Maine law does not currently require ABA therapists to be licensed. It is unusual for health insurance to reimburse providers that are not licensed by the state. Although there are a wide variety of treatments available for autism, ABA is one of the main treatments at this time.

Also, many policies limit the number of visits for services such as speech therapy for both physical and mental illnesses. In addition, some insurers will not cover services such as speech therapy to treat autism because they consider it a developmental delay and not a medical issue. They cover it for rehabilitation but not for habilitation.

LD 1198, An Act To Reform Insurance Coverage To Include Diagnosis for Autism Spectrum Disorders would require policies, contracts, or certificates issued covering employers with 50 or more employees to cover ASD for an individual covered under the policy, contract, or certificate who is 21 years of age or under. Policies would be required to provide coverage for medically necessary treatments of ASD. This would specifically cover habilitative services, including ABA. LD 1198 would prohibit a policy, contract or certificate from placing any limits on the number of visits. The coverage may be limited to \$36,000 per year, adjusted annually for inflation after January 1, 2011.

---

<sup>1</sup> Autism Society of America <http://www.autism-society.org/site/PageServer>

<sup>2</sup> "Is there an ASD epidemic?" <<http://www.cdc.gov/ncbddd/autism/topics.html>>

The Joint Standing Committee on Insurance and Financial Services of the 124th Maine Legislature directed the Bureau of Insurance to review LD 1198. The Committee asked that the report include analysis of the extent to which Maine's mental health parity law currently covers autism and the impact of amending LD 1198 to require coverage in all individual and group policies rather than only large group policies.

To date, 19 states have adopted similar mandates and 16 states are considering bills with similar mandates. Fifteen states do not have or are not currently considering similar mandates.<sup>3</sup>

In addition to private insurance, coverage for ASD is also available through MaineCare, including the Katie Beckett program. These programs do ensure that every child who qualifies can receive diagnostic and treatment services.

The treatments aimed at lessening of symptoms are a major benefit to autistic individuals and are deemed most helpful if the intervention occurs at an early age. Testimony presented by the Maine Developmental Disabilities Council in support of LD 1198 stated that 40 percent of young children with Pervasive Developmental Disorders who receive intensive early intervention services will be able to be in a regular education classroom with little or no extra support when they enter public school.

According to the Center for Autism Related Disorders, ABA is the process of systematically applying interventions based upon the principles of learning theory to improve socially significant behaviors to a meaningful degree. The Disability Rights Center in Augusta, Maine submitted testimony in support of LD 1198 citing that developmental therapies such as ABA, especially provided intensely at an early age, mitigate the impact of disorders such as autism, and allow individuals to lead a more productive, healthier, and happier life. ABA therapy attempts to change behavior through positive and negative reinforcements. The U.S. Surgeon General states that 30 years of research on the ABA approach have shown very positive outcomes when ABA is used as an early-intervention tool for autism.<sup>4</sup>

In order to effectively implement ABA, there are multiple components to the treatment, each with a cost. Both parents and any other major caretakers must be trained in ABA, which costs between \$175-1,000 per person. Children can also be enrolled in schools and clinics that specialize in ABA treatment, but the cost of such schools ranges from \$16,000-25,000

<sup>3</sup> [autismvotes.org](http://autismvotes.org)<[www.autismvotes.org/site/c.frKNI3PCImE/b.3909861/k.B9DF/State\\_Initiatives.htm](http://www.autismvotes.org/site/c.frKNI3PCImE/b.3909861/k.B9DF/State_Initiatives.htm)>

<sup>4</sup> U.S. Department of Health and Human Services. 1999. "Mental Health: A Report of the Surgeon General - Executive Summary." U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, Center for Mental Health Services, National Institutes of Health, National Institute of Mental Health. Rockville, MD.

per year. It is possible to set up ABA treatment at home using therapists in training or college students who have taken a workshop in the ABA approach which costs \$5,000-20,000 per year. A qualified, full-time ABA therapist costs approximately \$30,000-50,000 per year. Because of the success of ABA and the evidence indicating that training should be intensive (25-40 hours/week), there is very high demand for ABA-trained therapists.<sup>5</sup>

The primary driver of the increase in health care costs and health insurance premiums as a result of LD 1198 is the cost of ABA therapy. Currently in Maine there are 26 certified ABA therapists, mostly in southern counties. Licensed psychologists may also provide ABA therapy, but in general, it appears that the number of available providers may be limited in Maine. Because of the limited number of therapists and relatively low hourly fees charged compared to other states, cost increases will be low at first. If ABA is covered by health insurance, we assume that the number of therapists will increase and fees may also increase with the increased demand, although the increased number of providers may partially offset the upward pressure on fees.

Insurers estimate that the increase in premiums from this mandate would be between \$1.48 per member per month (PMPM) and \$5.00 PMPM.

We estimate the initial premium increase for insured plans would be approximately \$1.65 PMPM or 0.5% of premium. Once there are adequate providers for the individuals that would benefit from ABA therapy, the increase in premiums could be as high as \$2.30 PMPM or 0.7% of premium. If the maximum benefit of \$36,000 is not permitted by the federal Mental Health Parity Act, the premium increase for this benefit could be as high as \$2.95 PMPM or 0.8% of premium. These estimates do not reflect any potential long-term savings in health care costs because many of these treatments are relatively new and there are no definitive studies demonstrating or quantifying these savings. However, research does indicate that by providing services and support to autistic children, they can obtain substantial gains in most areas of life. The benefit of these services may minimize the likelihood of institutionalization of individuals with disabilities and maximize the potential for their independent living in society. Increased early intervention treatment would also reduce needs for special education in the public schools for some children and lead to savings in the schools.

LD 1198 would shift some of the cost from MaineCare to the private insurance market. Based on MaineCare claims data for 2008, we estimate a possible annual shift of up to \$2 million for the bill as written and up to \$4 million if the mandate applies to all group and individual policies. Not all services that MaineCare provides may be required to be

---

<sup>5</sup> <http://autism.healingthresholds.com/therapy/applied-behavior-analysis#cost>



reimbursed by this mandate.

It is unclear how the calendar year cap of \$36,000 under the proposed bill would apply to coverage of ASD that is also required by state and federal mental health parity mandates. If the \$36,000 cap applies to all ASD treatment, it may conflict with these laws. The federal Mental Health Parity Act requires that if a large employer provides coverage for mental health services, the plan may only apply cost-sharing and treatment limitations to mental health that are no more restrictive than those applied to medical and surgical benefits. Although the Legislature can create an exception to Maine's mental health parity law, it cannot change the federal law. One possibility would be to apply the \$36,000 cap only to the additional services mandated by LD 1198 that are not covered by the federal mandate, such as habilitative services or those above an otherwise applicable visit limitation.

For our cost estimates, we assumed that the \$36,000 cap would apply to the amount actually paid by the insurer after applying deductibles and cost-sharing provisions. However, the language could be interpreted to apply to the total covered cost before reduction for cost-sharing. If the committee proceeds with this bill, clarification of the language would be important.

Because LD 1198 would only require coverage for treatment that is medically necessary, it is not clear whether denials for some services would continue if carriers consider them not medically necessary but primarily educational. If the committee proceeds with this bill, some clarification on this point would also be helpful.



**STATE OF MAINE  
124<sup>TH</sup> LEGISLATURE  
FIRST REGULAR SESSION**

**Fourth Annual Report  
of the  
RIGHT TO KNOW ADVISORY COMMITTEE**

**January 2010**

**Members:**

**Sen. Barry Hobbins  
Rep. Dawn Hill  
Shenna Bellows  
Karla Black  
Robert Devlin  
Mark Dion  
Richard Flewelling  
James Glessner  
Suzanne Goucher  
A. J. Higgins  
Mal Leary  
Judy Meyer  
Kelly Morgan  
Linda Pistner  
Harry Pringle  
Chris Spruce**

**Staff:**

**Margaret Reinsch, Senior Analyst  
Colleen McCarthy Reid, Legislative Analyst  
Office of Policy & Legal Analysis  
Maine Legislature  
(207) 287-1670  
[www.maine.gov/legis/opla](http://www.maine.gov/legis/opla)**

## EXECUTIVE SUMMARY

This is the fourth annual report of the Right to Know Advisory Committee. The Right to Know Advisory Committee was created by Public Law 2005, chapter 631 as a permanent advisory council with oversight authority and responsibility for a broad range of activities associated with the purposes and principles underlying Maine's Freedom of Access laws. The 16 members are appointed by the Governor, the Chief Justice, the Attorney General, the President of the Senate and the Speaker of the House of Representatives. More information is available on the Advisory Committee's website: <http://www.maine.gov/legis/opla/righttoknow.htm>. The Office of Policy and Legal Analysis provides staffing to the Advisory Committee while the Legislature is not in session.

By law, the Advisory Committee must meet at least four times per year. During 2009, the Advisory Committee met four times: June 30, September 23, October 21 and December 1. This year, the Advisory Committee reorganized its subcommittee structure and appointed four subcommittees: Education and Training, Legislative, Public Records Exceptions and Ongoing Issues. Three of the subcommittees--- Legislative, Public Records Exceptions and Ongoing Issues---held meetings and made recommendations to the Advisory Committee.

The Advisory Committee serves as the central source and coordinator of information about Maine's Freedom of Access laws and the people's right to know. In carrying out this duty, the Advisory Committee believes it is useful to include in its annual reports a digest of the developments in case law relating to Maine's Freedom of Access laws. For the third time, this report includes a summary of relevant Maine court decisions.

The report also includes a brief summary of the legislative actions taken since January 2009 in response to the Advisory Committee's recommendations in its third annual report.

For its fourth annual report, the Advisory Committee makes the following recommendations:

- ☐ **Continue, amend and repeal the following existing public records exceptions in Titles 10 to 21-A**
- ☐ **Recommend again that the teacher confidentiality provisions in Title 20-A be amended with regard to the public disclosure of actions taken by the Department of Education on credentials of public school personnel, including the grounds for actions taken**
- ☐ **Defer action on the exceptions contained in the Criminal History Record Information Act, Title 16, chapter 3, subchapter 8, and request that the Criminal Law Advisory Commission review and revise the proposed redraft**
- ☐ **Amend Title 1, chapter 13 to require that a minimum record be kept of all public proceedings**

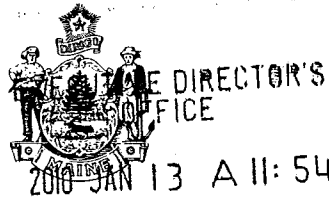
- ☐ Add guidance for public officials on the use of email communications outside of public proceedings to the Frequently Asked Questions section of the Freedom of Access website
- ☐ Recommend to the Health and Human Services Committee that the Freedom of Access laws not be amended to require hospital board meetings to be open to the public as proposed in LD 757, An Act to Improve the Transparency of Certain Hospitals
- ☐ Recommend to the Judiciary Committee that no statutory changes be made relating to the public's access to salary information for public employees as proposed in LD 1353, An Act Concerning Salary Information of Public Employees
- ☐ Propose standard statutory language for use by the Judiciary Committee in reviewing proposed exceptions relating to the protection of information submitted by individuals and businesses applying for technical or financial assistance from government entities
- ☐ Advise the Maine Press Association that the Advisory Committee does not oppose the amendments to the notice requirements for rulemaking by government entities in Public Law 2009, chapter 256
- ☐ Continue discussion of the following issues: the use of Social Security Numbers, the use of technology in public proceedings and requests for bulk electronic data

In 2010, the Right to Know Advisory Committee will continue to provide assistance to the Judiciary Committee relating to proposed legislation affecting public access and the recommendations of the Advisory Committee for the remaining public records exceptions in Titles 10 through 21-A. It will begin the process of reviewing the existing public records exceptions contained in Titles 22 through 25. The Advisory Committee will have assistance during the Second Regular Session of the 124<sup>th</sup> Legislature from a legal extern, a law student at the University of Maine Law School. The Advisory Committee looks forward to a full year of activities and working with the Governor, the Legislature and the Chief Justice of the Maine Supreme Judicial Court to implement the recommendations contained in its fourth annual report.

SENATE

LAWRENCE BLISS, District 7, Chair  
BARRY J. HOBBINS, District 5  
DAVID R. HASTINGS III, District 13

MARGARET J. REINSCH, Legislative Analyst  
SUSAN M. PINETTE, Committee Clerk





HOUSE

CHARLES R. PRIEST, Brunswick, Chair  
MARK E. BRYANT, Windham  
CYNTHIA A. DILL, Cape Elizabeth  
RICHARD C. CLEARY, Houlton  
DAWN HILL, York  
CHARLES B. KRUGER, Thomaston  
SARA R. STEVENS, Bangor  
JOAN M. NASS, Acton  
MICHAEL G. BEAULIEU, Auburn  
JARROD S. CROCKETT, Bethel  
WAYNE T. MITCHELL, Penobscot Nation

State of Maine  
ONE HUNDRED AND TWENTY-FOURTH LEGISLATURE  
COMMITTEE ON JUDICIARY

To: The Honorable Hannah Pingree, Chair  
The Honorable Elizabeth H. Mitchell, Vice-Chair  
Legislative Council, 124<sup>th</sup> Maine Legislature

From: Senator Lawrence Bliss, Senate Chair   
Representative Charles Priest, House Chair   
Joint Standing Committee on Judiciary

Date: January 12, 2010

Subject: Government Evaluation Act Review of the Maine Human Rights Commission

This memorandum is to inform you that the Joint Standing Committee on Judiciary has submitted its findings and recommendations from the review and evaluation of the Maine Human Rights Commission under the State Government Evaluation Act to the Legislature pursuant to Title 3 Maine Revised Statutes, chapter 35.

c: Members, Legislative Council  
David Boulter, Executive Director, Legislative Council



---

Office of Program Evaluation and  
Government Accountability

Annual Report on  
Activities and Performance

2009

---

a report to the  
Government Oversight Committee and the Legislature  
from the  
Office of Program Evaluation & Government Accountability  
of the Maine State Legislature

January

2010