

MAINE STATE LEGISLATURE

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STATE OF MAINE
126TH LEGISLATURE
FIRST REGULAR SESSION



Summaries of bills, adopted amendments and laws enacted or finally passed

**JOINT STANDING COMMITTEE ON APPROPRIATIONS AND
FINANCIAL AFFAIRS**

July 2013

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STATE OF MAINE

126TH LEGISLATURE
FIRST REGULAR SESSION



LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* contains summaries of all LDs and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 126th Maine Legislature.

The *Digest* is arranged alphabetically by committee and within each committee by Legislative Document (LD) number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each LD title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. The appendices include a summary of relevant session statistics, an index of all bills by LD number and an index of enacted laws by law type and chapter number.

Final action on each LD is noted to the right of the LD title. The following describes the various final actions.

CARRIED OVER carried over to a subsequent session of the Legislature
CON RES XXX..... chapter # of constitutional resolution passed by both houses
CONF CMTE UNABLE TO AGREE.....Committee of Conference unable to agree; legislation died
DIED BETWEEN HOUSES.....House & Senate disagreed; legislation died
DIED IN CONCURRENCE.....defeated in each house, but on different motions; legislation died
DIED ON ADJOURNMENT..... action incomplete when session ended; legislation died
EMERGENCY..... enacted law takes effect sooner than 90 days after session adjournment
FAILED, EMERGENCY ENACTMENT or FINAL PASSAGE emergency failed to receive required 2/3 vote
FAILED, ENACTMENT or FINAL PASSAGE..... failed to receive final majority vote
FAILED, MANDATE ENACTMENT legislation proposing local mandate failed required 2/3 vote
HELD BY GOVERNOR..... Governor has not signed; final disposition to be determined at subsequent session
LEAVE TO WITHDRAW..... sponsor's request to withdraw legislation granted
NOT PROPERLY BEFORE THE BODY ruled out of order by the presiding officer; legislation died
INDEF PP..... indefinitely postponed; legislation died
ONTP, ACCEPTED, MAJORITY, MINORITY or REPORT X... ought-not-to-pass report accepted; legislation died
P&S XXX..... chapter # of enacted private & special law
PUBLIC XXX.....chapter # of enacted public Law
RESOLVE XXX..... chapter # of finally passed resolve
VETO SUSTAINED..... Legislature failed to override Governor's veto

The effective date for non-emergency legislation enacted in the First Regular Session of the 126th Legislature is October 9, 2013. The effective date for legislation enacted as an emergency measure may be found in the enacted law summary for that legislation.

Joint Standing Committee on Appropriations and Financial Affairs

1. Cost-of-living adjustments. The bill would increase the cost-of-living adjustment formula for all individuals receiving a pension benefit from the State.
 - A. The base on which the cost-of-living adjustment, or COLA, is awarded would be the member's benefit up to the maximum allowable social security benefit at the member's normal retirement age under the federal social security laws. For an individual retiring in 2013, the pension amount eligible for the COLA would increase from \$20,000 to \$30,156.
 - B. The COLA would be calculated using the index used by the United States Social Security Administration but would be capped at 4%.
 - C. At retirement, members would be given a payout option that would provide a full COLA, not subject to the 4% cap and not subject to the reduced benefit base. The full COLA payout option would be self-funded by requiring an actuarially equivalent reduction in the initial benefit payout amount.
 - D. The increased COLA formula for individuals already receiving a retirement pension from the State would be applied prospectively only, beginning on July 1, 2013.
2. Deferred retirement. The bill would increase the pension amount for individuals choosing to defer retirement until after the normal retirement age specified in the State Employee and Teacher Retirement Program. The intent of this provision is to increase the flexibility of the program for employees choosing retirement at any age and to increase the financial benefits from continuing to work.
 - A. The normal retirement age would remain unchanged at 60, 62 or 65 years of age, depending on the year a member became vested in the program.
 - B. Members initiating payments before the normal retirement age would continue to receive a 1/2% reduction in the benefit amount for each month that the member retires early.
 - C. A member retiring after the normal retirement age would receive a 1/2% increase in the benefit amount for each month that the member defers retirement after the normal retirement age, up to 70 years of age. The percentage increase would be in addition to the increase in service credit.
3. Service credit. The baseline pension formula for retirement at the normal retirement age would provide a benefit amount of 2% of final average salary per year of service through June 30, 2013, plus 1.5% of final average salary per year of service after June 30, 2013.
4. Defined contribution plan. A state employee or teacher would automatically be enrolled in an opt-out defined contribution plan with a default employee contribution rate of 4% of salary. The State or the participating local school district would match 25% of the employee's or teacher's contribution, up to a maximum of 2% of the employee's or teacher's salary.

This bill was carried over to any special or regular session of the 126th Legislature by joint order, H.P. 1145, as amended by H-B (H-580) and H-C (H-582).

LD 1555

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

**PUBLIC 269
EMERGENCY**

Sponsor(s)

FLOOD

Committee Report

OTP-AM

Amendments Adopted

S-269

Joint Standing Committee on Appropriations and Financial Affairs

This bill is based on Legislative Document 1546, except that it specifies that the application fees are capped at \$5,000 for a bid for spirits trade marketing and \$20,000 for a bid for spirits administration and warehousing and distribution and it eliminates those provisions of Legislative Document 1546 that propose to expand coverage under the MaineCare program.

Part A repeals current law that allows for transfer of the State's wholesale liquor business through July 1, 2014. Part A directs the Commissioner of Administrative and Financial Services to develop a request for proposals through the competitive bid process to award 2 contracts, one for the operation of the State's wholesale liquor business encompassing spirits administration and warehousing and distribution and one for spirits trade marketing. Part A also increases the discount rate at which agency liquor stores purchase spirits for retail sale from the current minimum of 9% of list price to 12% as of July 1, 2014. Part A allows the waiver of a licensing requirement in the event that a retailer with more than 5 agency liquor stores in this State is purchased or control is transferred to another company not in this State as long as the purchasing or controlling company has held a license to sell beer and wine in another state for at least one year.

Part B authorizes the bond bank, with the written approval of the Governor, to issue liquor operation revenue bonds in an amount up to \$188,500,000. Part B establishes 2 funds, the Health Care Liability Retirement Fund and the Liquor Operation Revenue Fund. The Health Care Liability Retirement Fund is funded with the revenue from the sale of the bonds and used to pay debts owed by the State for services provided by health care providers prior to December 1, 2012; anything in excess of the amount owed is transferred to the Liquor Operation Revenue Fund. The Liquor Operation Revenue Fund is funded by revenue from the management of wholesale liquor activities; such revenue will be used to pay the principal and interest of the liquor operation revenue bonds as those amounts become due.

During fiscal years 2014-15, 2015-16 and 2016-17, any excess revenue up to a set amount is transferred to the General Fund to offset the amounts included in budgeted General Fund revenue from liquor sales and operations and to offset additional General Fund costs for liquor enforcement activities; after those transfers in those fiscal years and for the rest of the bond repayment period, excess revenue over the set amount, up to \$7,000,000 per year, is transferred to the Department of Health and Human Services and the Department of Environmental Protection for revolving loan funds for drinking water systems and wastewater treatment, and, if the amount transferred for those loans is limited for federal matching funds purposes, any remainder is transferred to the Department of Transportation for construction of highways and bridges. Any excess funds retained by the Maine Municipal Bond Bank during the bond repayment period must be transferred to the Maine Budget Stabilization Fund immediately upon retirement of the bonds. Following the retirement of the bonds, excess revenue is also transferred to the Maine Budget Stabilization Fund.

Part C removes the administration of the sale of fortified wine by the State, beginning July 1, 2014.

Committee Amendment "A" (S-269)

This amendment does the following: 1) changes the amount of the liquor operation revenue bonds that may be issued to \$183,500,000 from \$188,500,000; 2) changes the distributions from the Liquor Operation Revenue Fund to the General Fund from \$8,714,884 to \$9,714,884 in fiscal year 2014-15, from \$8,889,000 to \$9,639,000 in fiscal year 2015-16 and from \$9,067,000 to \$9,817,000 in fiscal year 2016-17; 3) specifies that the fund must be used for the costs of administering the fund, bonds and ancillary obligations; and 4) replaces the appropriations and allocations Part with a new appropriations and allocations Part to implement the provisions of the bill.

Enacted Law Summary

Public Law 2013, chapter 269 does the following.

1. It repeals current law that allows for transfer of the State's wholesale liquor business through July 1, 2014.

Joint Standing Committee on Appropriations and Financial Affairs

2. It directs the Commissioner of Administrative and Financial Services to develop a request for proposals through the competitive bid process to award two contracts, one for the operation of the State's wholesale liquor business encompassing spirits administration and warehousing and distribution and one for spirits trade marketing.
3. It increases the discount rate at which agency liquor stores purchase spirits for retail sale from the current minimum of 9% of list price to 12% as of July 1, 2014.
4. It allows the waiver of a licensing requirement in the event that a retailer with more than five agency liquor stores in this State is purchased or control is transferred to another company not in this State as long as the purchasing or controlling company has held a license to sell beer and wine in another state for at least one year.
4. It authorizes the bond bank, with the written approval of the Governor, to issue liquor operation revenue bonds in an amount up to \$183,500,000.
5. It establishes two funds, the Health Care Liability Retirement Fund which is funded with the revenue from the sale of the bonds and used to pay debts owed by the State for services provided by health care providers prior to December 1, 2012 and the Liquor Operation Revenue Fund which is funded by revenue from the management of wholesale liquor activities and used to pay the costs of administering the fund, the bonds and the ancillary obligation and the principal and interest of the liquor operation revenue bonds as those amounts become due.
6. It specifies that during fiscal years 2014-15, 2015-16 and 2016-17, any excess revenue up to a set amount is transferred to the General Fund to offset the amounts included in budgeted General Fund revenue from liquor sales and operations and to offset additional General Fund costs for liquor enforcement activities.
7. It specifies that after the transfers noted above in fiscal years 2014-15 through 2016-17 and for the rest of the bond repayment period, excess revenue over the set amount, up to \$7,000,000 per year, is transferred to the Department of Health and Human Services and the Department of Environmental Protection for revolving loan funds for drinking water systems and wastewater treatment, and, if the amount transferred for those loans is limited for federal matching funds purposes, any remainder is transferred to the Department of Transportation for construction of highways and bridges.
8. It specifies that excess funds retained by the Maine Municipal Bond Bank during the bond repayment period and excess revenue following the retirement of the bonds must be transferred to the Maine Budget Stabilization Fund.
9. It removes the administration of the sale of fortified wine by the State, beginning July 1, 2014.

Public Law 2013, chapter 269 was enacted as an emergency measure effective June 14, 2013.

LD 1563 An Act To Make Supplemental Appropriations and Allocations for the Expenditures of State Government and To Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Year Ending June 30, 2013

**PUBLIC 248
EMERGENCY**

Sponsor(s)
THIBODEAU

Committee Report

Amendments Adopted