MAINE STATE LEGISLATURE

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STATE OF MAINE

 132^{ND} Legislature First Regular and First Special Sessions



Disposition of bills and summaries of all laws enacted or finally passed

JOINT STANDING COMMITTEE ON APPROPRIATIONS AND FINANCIAL AFFAIRS

August 2025

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STAFF:

Maureen Dawson, Principal Analyst Office of Fiscal and Program Review 5 State House Station Augusta, ME 04333 (207) 287-1635 http://legislature.maine.gov/ofpr

LD 210 An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027

ENACTED LAW SUMMARY

Public Law 2025, chapter 388 does the following.

Part A makes appropriations and allocations of funds for fiscal years ending June 30, 2026 and June 30, 2027.

Part B requires the transfer of any unencumbered balance at the close of fiscal year 2024-25 from the Aquaculture Research Fund Other Special Revenue Funds account and the Aquaculture Management Fund Other Special Revenue Funds account within the Bureau of Policy and Management program to the accounts within the Bureau of Public Health program for the Department of Marine Resources.

Part C provides that a public school or private school approved for tuition purposes that enrolls at least 60% publicly funded students and that participates in the National School Lunch Program in accordance with 7 Code of Federal Regulations, Part 210 (2007) that serves breakfast or lunch must maximize the amount of federal reimbursement the school receives in order to receive state funding. This Part also requires the Department of Education to annually communicate school food service program options to participating schools to maximize federal funding in the school food service program and specifies that a school that does not enroll in a school food service program option provided by the department may not receive state funding.

Part D amends the laws governing the Maine Office of Community Affairs. This Part also transfers the following State Government programs to the Maine Office of Community Affairs: the Community Resilience Partnership Program from the Office of Policy Innovation and the Future; the coastal zone management program from the Department of Marine Resources; the State Floodplain Mapping Fund and the municipal planning assistance program from the Department of Agriculture, Conservation and Forestry; the Development Ready Advisory Committee from the Maine Redevelopment Land Bank Authority; the Housing Opportunity Program from the Department of Economic and Community Development; the Maine Commission for Community Service, the Maine Service Fellows Program and the Maine Climate Corps program from the Department of Education; and the Division of Building Codes and Standards from the Department of Public Safety.

Part E increases the cigarette tax rate by 75 mills, changing the rate per pack of 20 cigarettes from \$2 to \$3.50, and the rate per cigarette from 10 cents to 17.5 cents and provides for an equivalent increase in the tax on tobacco products. This Part takes effect January 5, 2026.

Part F reduces the cannabis excise tax rates by one-third and concurrently increases the sales tax on adult use cannabis to 14%. This Part also changes the adult use cannabis sales tax and excise tax transfers to the Adult Use Cannabis Public Health and Safety and Municipal Opt-in Fund from 12% to 9%.

Part G makes the following changes to the sales and use tax and service provider tax provisions.

- 1. It relocates the taxable services and related provisions under the service provider tax to the sales tax and its accompanying 5.5% rate and repeals the service provider tax.
- 2. It adds digital audiovisual and digital audio services to taxable services under the sales tax.
- 3. It broadens and simplifies the sales and use tax exemption for mobility-enhancing equipment for home use or use in a motor vehicle and for durable medical equipment and breast pumps for home use.

Part H establishes a phase-out of the pension deduction for nonmilitary pensions under the income tax based on the income of the taxpayer. The phase-out begins with income over \$125,000 for individuals, \$187,500 for heads of households and \$250,000 for married individuals filing jointly and adjusts these amounts for inflation in future years.

Part I gives the Bureau of General Services within the Department of Administrative and Financial Services the authority to purchase, retire and sell renewable energy credits and requires that net proceeds first be applied to achieve the State's obligation to supply electricity used in state-owned buildings with 100% renewable resources. This Part also establishes the Lead by Example Program within the bureau to consolidate responsibilities regarding statewide energy data, strategic energy purchases and the development of renewable energy projects and to serve as a competitive, revolving grant program.

Part J authorizes the Maine Governmental Facilities Authority to issue additional securities up to an amount of \$28,000,000 to pay for the costs of capital repairs and improvements to, and construction of, state-owned facilities and hazardous waste cleanup on state-owned properties and \$25,000,000 to pay for costs associated with capital repairs and improvements to and construction of correctional facilities.

Part K authorizes the Department of Administrative and Financial Services to enter into financing agreements in fiscal years 2025-26 and 2026-27 for the acquisition of motor vehicles for the Central Fleet Management Division.

Part L authorizes the Department of Administrative and Financial Services to enter into financing agreements in fiscal years 2025-26 and 2026-27 for the acquisition of hardware, software and systems to support the operations of the Statewide Radio Network System Reserve Fund.

Part M authorizes the Department of Administrative and Financial Services to enter into financing agreements in fiscal years 2025-26 and 2026-27 for improvements to the State's technology infrastructure and data centers; purchase of enterprise software; modernization of databases, storage and other components; and improved security of personally identifiable information and other confidential data.

Part N requires remaining balances in the Department of Administrative and Financial Services, Debt Service - Government Facilities Authority program and Central Administrative Applications program at the end of any fiscal year to be carried forward for the next fiscal year.

Part O authorizes the State Controller to keep open the official system of general accounts of State Government for fiscal year 2024-25 in order to make post-closing entries and adjustments to carry out the provisions of the law. This provision is retroactive to the end of fiscal year 2024-25.

Part P does the following.

- 1. It prohibits discrimination by pharmaceutical manufacturers, health insurance carriers, pharmacy benefits managers and their agents against pharmacies and health care providers that participate in the federal prescription drug discount program, known as the 340B drug discount program, solely on the basis of participation in the 340B drug discount program.
- 2. It clarifies that the language prohibiting discrimination does not extend to the use of preferred networks by health insurance carriers and pharmacy benefits managers.
- 3. It requires pharmacies and health care providers participating in the program to contract, to the extent possible and as permitted under federal law and regulation, with pharmacies located in this State.
- 4. It provides that enforcement under the Maine Unfair Trade Practices Act is the exclusive enforcement mechanism and does not authorize a private cause of action for enforcement.
- 5. It specifies that the provisions of this Part do not apply to the MaineCare program.
- 6. It includes language to clarify that the provisions of this Part may not be construed or applied in a way that conflicts with federal law.
- 7. It requires hospitals that participate in the 340B drug discount program to annually report additional information to the Maine Health Data Organization related to their participation in the program beginning July 1, 2026.

Part Q doubles the dependent exemption tax credit for a child or dependent who has not attained 6 years of age by the end of the tax year and phases out the refundability of the tax credit based on income.

Part R adds employees of the Department of Health and Human Services employed on October 1, 2025 or hired thereafter who are in the Mental Health Worker I, Mental Health Worker II, Mental Health Worker III or Mental Health Worker IV job classification to the Maine Public Employees Retirement System 1998 Special Plan.

Part S establishes a separate, nonlapsing, interest-bearing account administered by the Department of Agriculture, Conservation and Forestry within the Bureau of Agriculture, Food and Rural Resources to support public-private partnerships to carry out the purposes of the Maine Working Farmland Access and Protection Program. The account consists of money appropriated or allocated to the account or received from any private or public source.

Part T increases the fee for an original or renewal annual arborist license to no more than \$180.

Part U establishes a dedicated account for the Maine Land Use Planning Commission to accept funds, including surcharges for digital and online fee payments.

Part V increases the real estate transfer tax on property with a value of more than \$1,000,000 and requires the funds to be distributed as percentages with 30% to be distributed to a new fund in the Maine State Housing Authority to support affordable housing. This Part also specifies that the exemption from the real estate transfer tax for first-time home buyers receiving financial assistance through the Maine State Housing Authority applies to both the seller and the buyer of the property.

Part W transfers \$500,000 from the unappropriated surplus of the General Fund to the Department of Agriculture, Conservation and Forestry, Community-based Greenhouse - Bureau of Agriculture, Other Special Revenue account to be used to provide grants to eligible public entities for greenhouse structures designed for community-based opportunities for education and food production.

Part X increases the fee paid to nonsalaried medical examiners and medicolegal death investigators upon the submission of a completed report to the Chief Medical Examiner. This Part also modifies the provision governing special fees that may be paid to nonsalaried medical examiners and medicolegal death investigators for their services in unusual circumstances by clarifying that such a fee may not include payment for the cost of standard blood, urine or vitreous collections.

Part Y transfers \$1,250,000 from the unappropriated surplus of the General Fund to the Department of Inland Fisheries and Wildlife, Office of the Commissioner - Other Special Revenue Funds account to support unmet capital construction and repair needs for state dams.

Part Z modifies the provision of the law governing acceptance of a prisoner or adjudicated juvenile in federal custody by the Commissioner of Corrections to create an exception that provides that sums, up to \$250,000 paid by the United States Department of Justice, United States Marshals Service pursuant to a contract must accrue to the Department of Corrections for deposit into the

client benefit welfare accounts at the department's correctional facilities. Sums accrued in excess of \$250,000 in a fiscal year under that provision must accrue to the General Fund.

Part AA authorizes the Department of Corrections to transfer funds in the Personal Services, All Other or Capital Expenditures line categories between accounts within the same fund by financial order for the purposes of paying departmental overtime expenses in fiscal years 2025-26 and 2026-27.

Part BB directs the Commissioner of Corrections to review the current organizational structure of the Department of Corrections to improve organizational efficiency and cost-effectiveness and authorizes the State Budget Officer to direct the transfer of positions and available balances by financial order from July 1st to December 1st of each fiscal year of the 2026-2027 biennium. Position adjustments made after December 1st and on or before June 30th of each fiscal year may not be considered an adjustment to position count or appropriations. Any transfers resulting in a mission change or facility closure must have legislative review.

Part CC authorizes the Department of Corrections to transfer, by financial order, the available balances from Personal Services to the All Other line category in the Long Creek Youth Development Center program for fiscal years 2025-26 and 2026-27.

Part DD transfers \$3,661,559 from the unappropriated surplus of the General Fund to the Department of Corrections, Administration - Corrections, Other Special Revenue Funds account for one-time implementation costs of the offender management system.

Part EE directs a portion of fees collected for educator credentialing to cover the annual dues of the New England Board of Higher Education.

Part FF allows the Judicial Department to transfer, in fiscal year 2025-26 and 2026-27, up to \$750,000 of available appropriations for Personal Services to fund temporary clerk services, marshal services contracts, guardians ad litem, interpreters and mental health services.

Part GG moves the annual transfer of \$3,000,000 from the General Fund to the Maine Clean Election Fund, currently scheduled for January 1, 2027, to July 1, 2026.

Part HH changes the name of the Learning Systems Team program within the Department of Education to the Federal Programs Team program.

Part II adds psychiatric hospitals, excluding the Riverview Psychiatric Center and the Dorothea Dix Psychiatric Center, to the types of hospitals subject to an annual tax in an amount equal to 3.25% of the hospital's net operating revenue. This change is effective retroactively to January 1, 2025. Additionally, this Part directs the Department of Health and Human Services to determine a reasonable allocation method to distribute supplemental payments to private psychiatric hospitals until the implementation of reimbursement reform for psychiatric hospitals. Supplemental

payments must be paid from a supplemental pool based on the taxes owed by psychiatric hospitals for fiscal years 2024-25 to 2026-27 as the result of the incremental increase in the hospital tax rate imposed by this Part.

Part JJ reduces funding to reflect an increase in the attrition rate in the 2026-2027 biennium from 5% to 6%. This General Fund savings is in addition to the savings pursuant to Public Law 2025, chapter 2, Part H.

Part KK transfers \$21,000,000 of the unencumbered balance forward from the General Purpose Aid for Local Schools program to the Preschool Special Education Program Fund within the Department of Education.

Part LL lapses \$1,128,587 of the unencumbered balance forward from the Legislature program, General Fund carrying account, Personal Services line category within the Legislature to the unappropriated surplus of the General Fund no later than June 30, 2026 and lapses \$1,152,225 from the same carrying account and line category to the General Fund no later than June 30, 2027.

Part MM requires the State Controller, as the fifth priority transfer at the close of fiscal year 2024-25, after all transfers are made pursuant to provisions of the Maine Revised Statutes and after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made, to transfer up to \$24,000,000 from the available balance of the unappropriated surplus of the General Fund to the MaineCare Stabilization Fund.

Part NN transfers \$1,376,000 from the unappropriated surplus of the General Fund to the Department of Environmental Protection, Maine Ground and Surface Waters Clean-up and Response Fund, Other Special Revenue Funds account to support Capital Expenditures.

Part OO authorizes the transfer by the Maine Health Data Organization of up to \$300,000 of available balances of Personal Services allocations to the All Other line category in the Maine Health Data Organization Other Special Revenue Funds account in fiscal years 2025-26 and 2026-27.

Part PP transfers \$3,000,000 from the unappropriated surplus of the General Fund to the Maine State Housing Authority, Housing Authority - State, Other Special Revenue Funds account to support a manufactured home and mobile home park preservation and assistance program.

Part QQ directs the first \$4,847,891 in fiscal year 2025-26 and the first \$5,147,141 in fiscal year 2026-27 of the real estate transfer tax to the General Fund.

Part RR adds purposes for which funds from the Lead Poisoning Prevention Fund may be used and increases the lead poisoning prevention fee imposed at the manufacturer or wholesaler level beginning July 1, 2026.

Part SS transfers \$7,178,388 from the interest earnings on the Federal Expenditures Fund - ARP State Fiscal Recovery fund and the Federal Expenditures Fund - ARP fund to the unappropriated surplus of the General Fund.

Part TT authorizes the Department of Agriculture, Conservation and Forestry to use funds from the Farmers Drought Relief Grant Program Fund for personnel services and to contract for professional services to carry out the Farmers Drought Relief Grant Program.

Part UU directs the Department of Administrative and Financial Services to seek reimbursement for costs to repair the Mackworth Island causeway, which suffered significant storm damage during the winter of 2024-2025, and requires the department to deposit any reimbursement received to the department's Bureau of General Services - Capital Construction and Improvement Reserve Fund, Other Special Revenue Funds account to be used for capital improvements and repairs to state-owned facilities.

Part VV requires the State Controller to carry forward balances in the Office of the Treasurer of State, Debt Service - Treasury program in each year of the 2026-2027 biennium into the following fiscal year.

Part WW provides a raise of 3% for judges and justices of the state courts in fiscal years 2025-26 and 2026-27.

Part XX sets the range of Department of Health and Human Services licensing fees and the license terms for agencies that provide services to adults with certain conditions.

Part YY corrects a conflict created by Public Law 2023, chapter 643, Part KKK and Part EEEE and Public Law 2023, chapter 675, which enacted similar provisions of law governing crisis receiving centers, by repealing the provisions and replacing them with a version that incorporates the chapter 643, Part KKK version and the chapter 675 version.

Part ZZ authorizes the Department of Health and Human Services to transfer by financial order available Personal Services balances in the Disproportionate Share - Dorothea Dix Psychiatric Center program, the Disproportionate Share - Riverview Psychiatric Center program, the Riverview Psychiatric Center program and the Dorothea Dix Psychiatric Center program to the All Other line category of those programs.

Part AAA authorizes the Department of Health and Human Services to transfer by financial order available All Other balances from any account within the Department of Health and Human Services, excluding balances in the IV-E Foster Care/Adoption Assistance and State-funded Foster Care/Adoption Assistance programs, to fund the information system modernization project in the department's office of aging and disability services.

Part BBB authorizes the Department of Health and Human Services to transfer appropriations between the State-funded Foster Care/Adoption Assistance program and the IV-E Foster Care/Adoption Assistance program in the All Other line category.

Part CCC authorizes the Department of Health and Human Services to transfer available balances of Personal Services appropriations to All Other in the Office for Family Independence program and the Office for Family Independence - District program for the 2026-2027 biennium.

Part DDD requires the Department of Health and Human Services to implement reimbursement of hospital professional costs at hospital-based practices related to the department's rule Chapter 101: MaineCare Benefits Manual, Chapter III, Section 45, Hospital Services at 160% of Medicare rates effective July 1, 2027.

Part EEE allows the Department of Health and Human Services to transfer funds that are available as part of the increased 10% Federal Medical Assistance Percentage for MaineCare home and community-based services per the federal American Rescue Plan Act of 2021 from the General Fund and Other Special Revenue Funds accounts to the Medical Care - Payments to Providers program, Home and Community Based Services - ARP Savings Other Special Revenue Funds account and the Office of MaineCare Services program, Home and Community Based Services Admin - ARP Savings Other Special Revenue Funds account within the department to be used for federally authorized purposes. This Part also allows the department to transfer funds by financial order between the Medical Care - Payments to Providers program, Home and Community Based Services - ARP Savings Other Special Revenue Funds account and the Office of MaineCare Services program, Home and Community Based Services Admin - ARP Savings Other Special Revenue Funds account and the Office of MaineCare Services program, Home and Community Based Services Admin - ARP Savings Other Special Revenue Funds account.

Part FFF allows the transfer from the unencumbered balance forward to the All Other line category in the Department of Health and Human Services, Office of MaineCare Services program, General Fund to be used for the Medicaid Enterprise System modernization project.

Part GGG directs the Department of Health and Human Services to submit the required methodology notice to seek approval from the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services to implement a cost-of-living adjustment for certain MaineCare reimbursement rates.

Part HHH does the following.

1. It lapses \$1,400,000 from the Department of Health and Human Services, Mental Health Services - Community General Fund account to the unencumbered surplus of the General Fund. These funds were originally appropriated in Public Law 2023, chapter 643, Part EEEE to establish a crisis receiving center in Aroostook County.

- 2. It lapses \$1,500,000 from the Department of Health and Human Services, Mental Health Services Community General Fund account to the unencumbered surplus of the General Fund. These funds were originally appropriated in Public Law 2023, chapter 643, Part GGGG for employee recruitment and retention incentives to staff that provide medication management services provided under the department's rule Chapter 101: MaineCare Benefits Manual, Chapter II, Section 65, Behavioral Health Services.
- 3. It lapses \$900,000 from the Department of Health and Human Services, Mental Health Services Community General Fund account to the unencumbered surplus of the General Fund. These funds were originally appropriated in Public Law 2023, chapter 643, Part EEEE to establish crisis receiving centers.
- 4. It lapses \$953,300 from the Department of Health and Human Services, Mental Health Services Community General Fund account to the unencumbered surplus of the General Fund. These funds were originally appropriated in Public Law 2023, chapter 643, Part DDDD to establish 24 mental health law enforcement liaisons to support mental health crisis intervention mobile response services.
- 5. It lapses \$1,000,000 from the Mental Health Services Children General Fund account to the unappropriated surplus of the General Fund. These funds were originally appropriated in Public Law 2023, chapter 643, Part A for training clinicians in assertive continuing care to facilitate the delivery of the evidence-based practice for potential expansion of services for the acute mental health needs of adolescents with co-occurring disorders.

Part III lapses \$550,000 of unencumbered balance forward from the Department of Health and Human Services, Office of Substance Abuse and Mental Health Services program, General Fund account to the unappropriated surplus of the General Fund. These funds were originally appropriated in Public Law 2023, chapter 643, Part A as one-time funding for the development of a substance use disorder treatment center.

Part JJJ lapses \$4,500,000 of unencumbered balance forward from the Department of Health and Human Services, Office of Behavioral Health, General Fund account, All Other line category to the unappropriated surplus of the General Fund.

Part KKK requires the Maine Commission on Public Defense Services to carry forward any remaining balance in the Personal Services line category in the Maine Commission on Public Defense Services program, General Fund account for fiscal years 2025-26 and 2026-27 and allows the commission to move up to \$2,500,000 of available balances of appropriations from the Personal Services to the All Other line category within that program.

Part LLL lapses \$5,000,000 of the unencumbered balance forward from the Department of Health and Human Services, Long Term Care - Office of Aging and Disability Services, General Fund account, All Other line category to the unappropriated surplus of the General Fund.

Part MMM transfers funds from the Department of Inland Fisheries and Wildlife, Inland Fisheries and Wildlife Carrying Balances - General Fund account to the Enforcement Operations - Inland Fisheries and Wildlife program, General Fund account for the purchase of replacement aircraft engines and propellers and boat, motor and trailer replacements in each year of the biennium. This Part also transfers funds from the Inland Fisheries and Wildlife Carrying Balances - General Fund account to the Administrative Services - Inland Fisheries and Wildlife, General Fund account for the upgrade of regional offices for compliance with the federal Americans with Disabilities Act of 1990 and energy efficiency in each year of the biennium.

Part NNN increases certain hunting and fishing license fees assessed by the Department of Inland Fisheries and Wildlife.

Part OOO establishes the Targeted Workforce Investment Program within the Department of Labor to support career development and job training programs in this State.

Part PPP does the following.

- 1. It moves existing authority in the Maine Revised Statutes, Title 26, section 1082 for the Maine Unemployment Insurance Commission to the section of Title 26 that applies only to the Maine Unemployment Insurance Commission.
- 2. It moves existing authority in Title 26, section 1082 for the Department of Labor, Division of Administrative Hearings to a section of Title 26 that applies only to the Division of Administrative Hearings.
- 3. It adds the Division of Administrative Hearings as an entity within the Department of Labor.

Part QQQ adds the position of Associate Commissioner to those positions that are appointed by the Commissioner of Labor. The position is listed in the Maine Revised Statutes, Title 5, section 943 as a major policy-influencing position.

Part RRR increases the level of funding provided to the Communications Equipment Fund through a state universal service fund of the Public Utilities Commission.

Part SSS renames the Bureau of Public Health program within the Department of Marine Resources the Bureau of Public Health and Aquaculture program.

Part TTT establishes a career ladder for the bank examiner job classifications within the Department of Professional and Financial Regulation, Bureau of Financial Institutions.

Part UUU increases from two to three the commissioned officers of the State Police that the Chief of the State Police may appoint to act as the chief's majors.

Part VVV increases the fees charged to an individual applying for or renewing a permit to carry a concealed firearm. This Part also amends the provision that directs a portion of the collected fees to the Treasurer of State by increasing the amount paid to the Treasurer of State.

Part WWW authorizes the Department of Administrative and Financial Services and the Department of Public Safety to enter into financing agreements in each year of the biennium for the acquisition of motor vehicles for the State Police.

Part XXX lapses \$4,000,000 of the unencumbered balance forward in the Department of Health and Human Services, Maine Center for Disease Control and Prevention, General Fund account, All Other line category to the unappropriated surplus of the General Fund. These funds were originally appropriated in Public Law 2023, chapter 643, Part A for annual grants to communities as described in Part QQ of the same law.

Part YYY amends the provision of law governing the Workers' Compensation Board Administrative Fund to remove statutory language that places a specific dollar amount on the maximum value of assessments that may be levied from insured employers and replace it with language providing that assessments levied may not be designed to produce more revenue than is sufficient for the Workers' Compensation Board to fund the expenditures allocated by the Legislature and to maintain a reserve of up to 1/4 of the board's annual budget.

Part ZZZ transfers \$5,000,000 from the Reserve for General Fund Operating Capital to the unappropriated surplus of the General Fund.

Part AAAA authorizes the Judicial Department to transfer up to \$80,000 of available balances of appropriations in Personal Services to All Other in order to fund a market pay study.

LD 609 An Act Making Certain Appropriations and Allocations and Changing Certain Provisions of Law Necessary to the Proper Operations of State Government

ENACTED LAW SUMMARY

Public Law 2025, chapter 2 does the following.

Part A makes baseline appropriations and allocations and changes to the baseline for fiscal year 2025-26 and fiscal year 2026-27.

Part B makes appropriations and allocations of funds for approved reclassifications and range changes.