

Appropriations and Financial Affairs

**PUBLIC 3
EMERGENCY**

**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, 2005**

LD 508

<u>Sponsor(s)</u> BRANNIGAN	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-23
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Public Law 2005, chapter 3 does the following:

Part Description

- A** Authorizes appropriations and allocations of funds.

- B** Authorizes appropriations and allocations of funds for approved reclassifications and range changes.

- C** Amends the law to increase the maximum limit on transfers to the circuit breaker reserve from \$24,742,857 to \$26,777,647 in fiscal year 2004-05.

Lapses balances in the Health Reform Reserve Fund account and the General Fund Compensation and Benefit Plan account to the General Fund in fiscal year 2004-05.

Requires the State Budget Officer to calculate and transfer the amount of allocation to affected departments as an offset to previous statewide measures enacted in PL 2003, chapter 20, Part B.

Requires the State Controller to transfer excess equity of the Retiree Health Insurance Fund not previously identified for transfer to the appropriate funds. The additional General Fund share and a portion of the Highway Fund share are designated for transfer to the General Fund and Highway Fund Compensation and Benefit Plan accounts.

Authorizes the Department of Administrative and Financial Services, Office of the Chief Information Officer to enter into financing arrangements in fiscal years 2004-05, 2005-06 and 2006-07 for the acquisition of a statewide accounting and purchasing system.

- D** Transfers up to \$8,122,000 from the unappropriated surplus of the General Fund to the Baxter Compensation Authority at the close of fiscal year 2004-05 as the next priority after certain other statutory year-end transfers. These funds can only be expended for claims of former students.

- E** Lapses \$315,000 of the unencumbered balance forward in fiscal year 2003-04 in the Maine Micro-Enterprise Initiative Fund account in the Department of Economic and Community Development to the General Fund in fiscal year 2004-05.

- F** Requires the State Controller to transfer \$2,258,474 from the General Purpose Aid for Local Schools account to the unappropriated surplus of the General Fund on or before June 30, 2005.

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Part Description

- G** Authorizes the State Controller to advance \$108,000 from the General Fund unappropriated surplus to the Maine National Guard Education Assistance Pilot Program, Other Special Revenue Fund account within the Department of Defense, Veterans and Emergency Management to provide cash necessary for current expenditures of the tuition assistance program, and specifies that the funds must be returned to the General Fund unappropriated surplus on or before June 30, 2006.
- Authorizes the Department of Administrative and Financial Services to acquire up to ten buildings, appurtenant real estate, and other interests in real property at the Loring Air Force Base in Limestone, Maine from the Loring Development Authority, and identifies responsibility for oversight and management of the facilities.
- Authorizes the Department of Defense, Veterans and Emergency Management to expend \$337,949 of the unencumbered balance in the state matching Disaster Assistance – MEMA account to administer current disaster FEMA-1508-DR.
- H** Lapses unencumbered balances in the Child Welfare Services General Fund account and the Disproportionate Share - Bangor Mental Health institute account to the General Fund in fiscal year 2004-05.
- I** Eliminates the intergovernmental transfer of funds from the City of Portland to the State in fiscal year 2004-05.
- J** Authorizes the Office of the Public Advocate to expend 100% of any funds carried forward from fiscal year 2004-05 and 2005-06 for its intended purpose.
- K** Transfers \$100,000 from the Carrying Balances – IF&W General Fund account to the Licensing and Registration General Fund account in the Department of Inland Fisheries and Wildlife. Also, transfers \$248,501 from the unappropriated surplus of the General Fund to the Savings Fund General Fund account in the Department of Inland Fisheries and Wildlife.
- L** Authorizes the State Controller to engage through sole source contracts such auditors, accountants, and investigators as the State Controller deems necessary for special audits, internal financial audits and investigations, to monitor and ensure adherence to contracts and to ensure for proper financial controls and clarifies that nothing in this section shall be construed to limit the powers and duties conferred and imposed by law upon the State Auditor.
- M** Maintains current Medicaid eligibility income criteria for disabled persons at or below 100% of the poverty line, which stops a scheduled increase in income eligibility to 125% of the poverty line.
- N** Increases the budgeted lapsed balance to the General Fund in fiscal year 2004-05 in the Division of Forest Fire Control, General Fund - carrying account in the Department of Conservation by \$88,810.
- O** Amends the title of the Director, Grants Management to Deputy Commissioner in the Department of Labor.

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- B** Makes appropriations and allocations of funds representing reduction proposals or adjustments to Current Services.
- C** Specifies a mill expectation of 8.26 mills for fiscal year 2005-06, the cost of funding public education from kindergarten to grade 12, consisting of total operating allocation, total debt service allocation and total adjustments and miscellaneous costs, and the state and local shares of those costs.
- D** Clarifies certain provisions of the education funding laws including the Commissioner's authority to pay certain miscellaneous costs related to the laptop program, emergency bus loans and EPS data management and support services. Also transfers \$6,194,152 from the General Fund undedicated revenue to the Fund for the Efficient Delivery of Educational Services, Other Special Revenue funds account within the Department of Education in fiscal year 2006-07.
- E** Delays the increase in state-municipal revenue sharing from 5.1% to 5.2% of sales and income tax revenues from July 1, 2005 to July 1, 2007.
- F** Authorizes the Maine Governmental Facilities Authority to issue additional securities in an amount up to \$9,000,000 for improvements to state-owned facilities.
- G** Designates the Department of Administrative and Financial Services as the fiscal agent for the Workers' Compensation Board and the Commission on Governmental Ethics and Election Practices and requires the Commissioner of Administrative and Financial Services to review statewide financial and human resources services and identify savings attributable to improvements in organizational efficiency and cost-effectiveness. Deappropriates the projected statewide consolidation savings.
- H** Extends through fiscal year 2006-07 a change in the distribution formula for the state's share of the Real Estate Transfer Tax by reducing the amount paid to the Maine State Housing Authority by \$7,500,000 in each fiscal year.
- I** Requires the Chief Information Officer to review statewide information technology functions and systems and identify savings and position eliminations attributable to improvements in organizational efficiency and cost-effectiveness. Deappropriates the projected savings.
- J** Requires Judicial Department to implement an accelerated fine collection effort and to fill vacant positions to generate additional General Fund revenue.
- K** Requires the review of the statewide administrative hearing functions to improve efficiency and cost effectiveness. Deappropriates the projected savings.
- L** Extends through 2007 nonconformity with a federal deduction for student loan interest paid 60 months after the start of loan repayment and extends through 2007 a reduction in the child and dependent care credit under the income tax from 25% of the federal credit to 21.5% of the federal credit.
- M** Provides that property transferred by a nonresident decedent to a pass-through entity is included in the estate for purpose of determining the Maine taxable estate under the estate tax.
- N** Provides a special estate tax election at the state level so that the estate of an individual with a surviving spouse may fully fund the taxable estate with an amount equal to the federal exclusion without changing the taxable nature of the estate for Maine purposes.
- O** Applies the 7% sales tax on lodging to casual rental of living quarters for more than 14 days in a

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calendar year, including cottages, condominium units and vacation homes, beginning July 1, 2005.

- P** Provides for general conformity with the Internal Revenue Code as of 1/7/05 except that it does not conform with federal increases in the Section 179 business expensing deduction, does not conform with the new federal deduction for certain domestic production activities, does not conform with new federal option that permits the deduction of sales and use taxes rather than income taxes and makes permanent Maine's nonconformity with federal increases in the standard deduction for married joint returns.
- Q** Delays until tax years beginning in 2007, credits under the income tax and the insurance premium tax for contributions to qualified scholarship organizations and for certain employer repayments of education loans on behalf of employees.
- R** Makes permanent the schedule that provides for amortization of the unfunded liability of the Maine State Retirement System by 2028 and provides for related transfers and deappropriations and deallocations.
- S** Delays until 6/30/07 implementation of a sales tax exemption on machinery and equipment used in generation of radio and television broadcast signals.
- T** Part T places into statute, provisions formerly contained in budget preambles relating to general budget administration.
- U** Increases the assessment made to the unorganized territories to help pay for the costs of the Land Use Regulation Commission, authorizes a pilot project with a reporting requirement for the Department of Conservation to issue burn permits electronically, authorizes a \$1.00 increase in the adult day-use fee charged at state parks that provide lifeguard coverage, recognizes revenue from demonstration forestry activities by the Bureau of Parks and Lands with the Department of Conservation and provides appropriations to the Department of Conservation.
- V** Establishes the voluntary employee incentive program for the biennium and lapses \$350,000 of savings to the General Fund in each year of the biennium.
- W** Requires the Commissioner of DEP to review the organizational structure and functions of the department and calculate the amount of savings against each account. It also deappropriates the projected savings.
- X** Increases the state share of retired teachers health insurance from 40% to 45% beginning 10/1/05 and provides that the state will share any rebates, investment gains or other gains under the health insurance plan for teachers at the same percentage as the state percentage of funding of the costs of the insurance.
- Y** Authorizes the Department of Corrections to transfer funds among accounts by financial order for the purpose of paying overtime expenses and recognizes additional revenue from boarding juveniles from other governmental entities and from working with the Judicial Department to assess fees on probationers and to enhance collection of supervisions fees.
- Z** Delays until the 2008-2009 biennial budget the requirement of an additional 18% General Fund appropriation to the Department of Inland Fisheries and Wildlife.
- AA** Continues tax expenditures for the 2006-2007 biennium.
- BB** Reduces funding in the Department of Labor through efficiencies gained through the department's "Bend the Curve" initiative and directs the Commissioner of Labor to identify the related savings in the

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Department's General Fund accounts. It also requires the State Budget Officer to transfer those savings by financial order.

- CC** Authorizes the Governor, when funds in the State Contingency Account are insufficient, to access up to \$750,000 from any funds available to the State to address certain emergencies.
- DD** Requires the Maine State Museum to be open on Sundays and Mondays and transfers to the General Fund unappropriated surplus income from admission fees in the amounts of \$41,000 in fiscal year 2005-06 and \$43,000 in fiscal year 2006-07.
- EE** Authorizes the Commissioner of Public Safety to increase the number of speed details using aircraft by 60 per year resulting in an increase in undedicated revenue to the General Fund of \$300,000 in each year of the biennium. It also transfers funds from the State Fire Marshal's Other Special Revenue funds to the General Fund unappropriated surplus.
- FF** Increases various filing fees and penalties assessed by the Secretary of State.
- GG** Reduces the period for presumption of abandonment of gift obligations from 3 years to 2 years and includes stored-value cards, changes the reporting period for abandoned property reports and requires the Treasurer of State to implement a policy regarding the sale of unclaimed shares of stock.
- HH** Requires the State Budget Officer to transfer amounts attributable to savings in state employee health insurance and education health insurance costs resulting from reductions in hospital inpatient rates. Deappropriates projected health insurance savings.
- II** Requires the State Budget Officer to calculate and transfer by financial order amounts attributable to savings in the cost of employee health insurance. Deappropriates and deallocates funds to reflect projected savings.
- JJ** Establishes minimum fines for the crime of assault and for driving to endanger and transfers funds from an Other Special Revenue account in the Department of the Secretary of State to the General Fund unappropriated surplus.
- KK** Authorizes the Commissioner of Health and Human Services to increase license fees through rulemaking for home child care, child care centers and nursery schools.
- LL** Clarifies legislative authority with regard to the legislative budget and appropriates and deappropriates funds for the operation of the Legislature.
- MM** Authorizes the transfer by financial order from salary savings to All Other as a result of physician vacancies at Bangor Mental Health Institute in each year of the biennium.
- NN** Requires the Commissioner of Health and Human Services to organize working groups to achieve reductions in regulatory and administrative burdens for providers in the areas of licensing, contracting, auditing, billing and other administrative processes.
- OO** Deappropriates \$500,000 in FY 2004-05, \$250,000 in FY 2005-06 and \$250,000 in FY 2006-07 in the Department of Corrections from salary savings.
- PP** Establishes the Pharmaceutical Cost Management Council to develop options and make recommendations to maximize the cost effectiveness of the pharmaceutical benefit offered by health

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plans financed with public dollars and requires the State Budget Officer to calculate and transfer the savings by financial order.

- QQ** Authorizes the Department of Health and Human Services to engage a private vendor to audit providers located outside the State and base the compensation on a percentage of the amount of overpayment received by the department.
- RR** Authorizes the Department of Health and Human Services to change the rate for foster board and care paid to unlicensed homes and permit those homes to apply for licensure to receive a higher reimbursement rate.
- SS** Restructures the provisions of information and technology services.
- TT** Provides that the fee for a retail tobacco license must be set according to a sliding scale determined by the Department of Health and Human Services according to the relative size of the licensee.
- UU** Clarifies that targeted funds distributed to school administrative units (SAU's) must be provided as targeted allocations and requires that all SAU's receive an allocation of targeted funds for technology, assessment and kindergarten to grade 2 education in fiscal year 2005-06. Provides that school administrative units may not be penalized for failing to adhere explicitly to the intent of the targeted fund allocations for that fiscal year only and requires the Commissioner to submit provisionally-adopted rules that establish the requirements for school administrative units plans and the use of the targeted funds. It also provides transition adjustments to certain SAU's in fiscal year 2005-06 that meet certain specifications and adds analysis and reporting requirements for the Commissioner of Education and the Maine Education Policy Research Institute.
- VV** Expands the service provider tax to apply to community support services for adults or emancipated children. The additional revenues are transferred to dedicated accounts for the costs of the tax and to fund previously General Fund costs. Adjusts appropriations and allocations accordingly.
- WW** Provides technical changes to Public Law 2005, Chapter 2 and Title 20-A. Public Law 2003, chapter 712. Provides revisions to local budget articles for local voters to approve the level of funding that must be revised to meet the funding requirement of essential programs and services. This Part also includes minor technical revisions to sections in Title 20-A to align statutory language with the new school funding law in Title 20-A, chapter 606-B. Provides 7/1/05 effective date for Parts B, C and D of PL 2005, c. 2.
- XX** Provides a statewide deappropriation of \$5,750,000 in each year of the biennium and requires the State Budget Officer to calculate the savings against each General Fund account for all departments and agencies statewide.
- YY** Requires the Commissioner of Education to present a plan to restructure the Child Development Services System and reduces funding which must be absorbed through administrative savings.
- ZZ** Adjusts the base year used to calculate the hospital tax. The taxable base year is rolled forward for state fiscal years 2005-06 and 2006-07 but fixed for subsequent years. Allocates and deappropriates funds accordingly.
- AAA** Establishes minimum and maximum fines for failure to wear a seat belt or to properly secure a child. Retains the current law that provides that seat belt infractions may not be enforced unless the operator

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has been stopped for another violation of law.

- BBB** Excludes certain retail property from BETR reimbursement prospectively. Also requires the State Tax Assessor to report to the Legislature annually on the overlap between BETR reimbursement and benefits received under a tax increment financing agreement. Also requires an annual financial report on the projected cost of the BETR program.
- CCC** Provides for a year-end transfer at the end of fiscal year 2005-06 from unappropriated surplus to the Baxter Compensation Authority in an amount up to \$8,122,000 reduced by the amount transferred at the end of fiscal year 2004-05.
- DDD** Makes adjustments to the laws of the Department of Health and Human Services related to an estate recovery initiative to generate General Fund savings.
- EEE** Increases fees for registration of commercial fertilizer and for a seed labeling license. It also requires the Department of Agriculture, Food and Rural Resources to deposit amounts in the undedicated revenue of the General Fund from reimbursement for services provided to partner agencies and the United States Department of Agriculture.
- FFF** Permits available balances of appropriations in MaineCare General Fund accounts in fiscal years 2005-06 and 2006-07 to be transferred between accounts by financial order.
- GGG** Amends the sales tax exemption for agricultural products to include certain products sold in animal agricultural production and requires products sold for agricultural crop production must be for commercial production.
- HHH** Provides for transfers, appropriations and allocations for programs within the Department of Agriculture, Food and Rural Resources.
- III** Increases various hunting and fishing fees; transfers funds from the Carrying Balance program to the General Fund and appropriates funds for the Department of Inland Fisheries and Wildlife.
- JJJ** Appropriates funds for the Fractionation Development Center and for the Maine Small Business Development Centers.
- KKK** Specifies how savings in the elderly low-cost drug program resulting from implementation of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, are to be used.
- LLL** Transfers funds from the Rehabilitation Services -- Medicaid account in the Department of Labor to the unappropriated surplus of the General Fund by 6/30/05.
- MMM** Provides flexibility in funding and establishing positions for the Maine Military Authority.
- NNN** Authorizes the State to enter into a contract for employee health insurance on a pilot basis that does not adhere to geographic access requirements or rules of the Superintendent of Insurance.
- OOO** Authorizes the Office of Program Evaluation and Government Accountability to evaluate certain economic development programs and submit its report to the legislative Government Oversight Committee.
- PPP** Implements the terms of the collective bargaining agreement made with the Maine State Employees

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Association, the American Federation of State, County and Municipal Employees and the Maine State Troopers Association.

- QQQ** Implements the terms of the collective bargaining agreement for employees of the administrative services bargaining unit, the supervisory bargaining unit and the professional bargaining unit of the Judicial Department.
- RRR** Identifies the increase in the mileage allowance for employees traveling on state business.
- SSS** Authorizes the transfer from the Salary Plan for the implementation of collective bargaining agreements for state employees and other economic items and for the reimbursement of costs associated with contract resolution.
- TTT** Extends the sales tax on extended cable television services to include extended satellite television services.
- UUU** Identifies the seven universities of the University of Maine System; appropriates \$3,000,000 in each year of the biennium and \$100,000 in fiscal year 2005-06 for reaccreditations planning for the University of Maine at Augusta.
- VVV** Requires the Department of Health and Human Services to adopt rules to include provisions under Chapter II, Section 65, Mental Health Services, that were previously included in Section 37, Home Based Mental Health Services as of April 1, 2002.
- WWW** Prohibits the Department of Health and Human services from adopting rules to change the eligibility of care requirements for MaineCare community support services during fiscal year 2005-06.
- XXX** Requires the Department of Health and Human Services convene a working group to develop a regional system for financing, management, and oversight of the mental health system beginning in fiscal year 2006-07.
- YYY** Requires the Department of Health and Human Services adopt rules regarding the benefit package for the MaineCare noncategorical adults program effective through June 30, 2006, and establishes requirements for developing the benefit package effective July 1, 2006. It also establishes requirements for rates of reimbursement for mental health services provided to individuals eligible under the MaineCare noncategorical adults program and adjusts funding as a result of the redesign of the MaineCare noncategorical adults program.
- ZZZ** Increases payments to critical access hospitals, the state share of the costs of which is funded by a portion of the hospital tax revenue that was allocated in Part A to fund critical access hospital transition costs related to the federal Medicare Prescription Drug Improvement and Modernization Act of 2003.
- AAAA** Requires that by July 31, 2005, the Superintendent of Insurance deposit \$6,335,897 in excess insurance assessments to the General Fund unappropriated surplus.
- BBBB** Establishes requirements for the development and implementation of the MaineCare mental retardation waiver program Individual Service Option (ISO) model. Deappropriates funds for savings anticipated from converting the living arrangements of approximately 100 individuals from group homes to living in shared living ISO models.
- CCCC** Requires the Department of Health and Human Services to report by 6/1/05 on the development of a

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rate schedule of services under the MaineCare mental retardation waiver and adopt rules by 1/1/06

- DDDD** Provides for the carry forward of \$3,672,000 in the State Treasurer's General Fund Debt Service Account and the transfer to the Budget Stabilization Fund of any balance not needed to pay the cost of debt service.
- EEEE** Transfers funding for the Committee on Transition, a statewide network that focuses on the transition of teens and graduates in the adult services system from the Department of Health and Human Services to the Department of Education.
- FFFF** Appropriates funds for local adult education programs and for secondary students taking postsecondary courses at eligible institutions.
- GGGG** Provides that balances of funds remaining at the end of a fiscal year in the Department of Health and Human Services, Bureau of Elder and Adult Services appropriated for homemaker or home-based care services must be carried forward to the next fiscal year.
- HHHH** Deappropriates funds from the homestead property tax reimbursement program that are no longer needed for that program.
- IIII** Provides a cost-of-living adjustment for nursing homes and residential care facilities to be funded from nursing home tax revenue balances.
- JJJJ** Requires the Commissioner of the Department of Health and Human Services to use broadly representative working groups to advise on the adult mental retardation services system, and children's mental health and child welfare systems.
- KKKK** Increases licensing fess under the Revised Securities Act for broker-dealers, sales representatives and investment advisers.
- LLLL** Provides that nonresidents must include in their Maine income the proceeds from any gambling activity conducted in Maine.
- MMMM** Provides that under the income tax, for nonresident individuals, that a gain or loss from the sale of a partnership interest is sourced to Maine to the extent the gain or loss is based on property located in Maine.
- NNNN** Provides for the setoff of liquidated tax liabilities against payment owed to a taxpayer under a contract with a state agency and department.
- OOOO** Reduces allocation for Lottery Operations to reflect the overbudgeting of information technology expenses.
- PPPP** Authorizes the issuance of \$410,000,138 in bonds through the Maine Municipal Bond Bank to fund prepayment to the Maine State Retirement System of a portion of the Unfunded Actuarial Liability. The bonds are secured by a stream of dedicated revenues and do not pledge the credit of the state. The bond proceeds replaced General Fund appropriations for Teachers Retirement during the 2006-2007 biennium and along with an additional transfer from General Fund unappropriated surplus provided additional payments for future retirement liabilities. It also transfers \$66,656,703 to the Maine Budget Stabilization Fund in fiscal year 2006-07.

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QQQQ Authorizes school administrative units or private schools approved for tuition purposes to receive targeted funds for students in the unorganized territory and appropriates funds to the Department of Education for the additional cost of providing targeted funds to students in the unorganized territory.

PUBLIC 386 **An Act To Make Supplemental Appropriations and Allocations for** **LD 1677**
EMERGENCY **the Expenditures of State Government and To Change Provisions**
 of the Law Necessary to the Proper Operations of State
 Government for the Fiscal Years Ending June 30, 2005, June 30,
 2006 and June 30, 2007

<u>Sponsor(s)</u> BRANNIGAN	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-673
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Public Law 2005, chapter 386 does the following:

<u>Part</u>	<u>Description</u>
A	Part A makes appropriations and allocations of funds.
B	Part B makes appropriations and allocations of funds for approved reclassifications and range changes.
C	Part C authorizes lease-purchase arrangements establishing the maximum principal costs, interest rates and duration terms for financing agreements. Up to \$5,000,000 in principal is authorized to acquire motor vehicles for the Central Motor Pool and up to \$1,800,000 in principal to acquire motor vehicles for the Maine State Police.
D	Part D establishes the Dirigo Health Enterprise Fund for Dirigo Health, replacing the Other Special Revenue Accounts and adjusts allocations to reflect position adjustments related to Dirigo Health. Part D also clarifies, which funds are subject to legislative allocation and adds that Lottery Fund and Dirigo Health Enterprise Fund are subject to legislative allocation.
E	Part E changes method of transferring funds to the Fund for the Efficient Delivery of Educational Services and delays the first transfer to the fund until fiscal year 2007-08.
F	Part F authorizes the Department of Economic and Community Development to transfer funds in excess of \$7,554,189 in the Tourism Marketing Promotion Fund account to another Other Special Revenue Fund account to be used for a list of economic development initiatives in fiscal year 2005-06 and 2006-07 only. The amount of the transfers are capped at \$330,000 in fiscal year 2005-06 and \$575,000 in fiscal year 2006-07. This Part also includes a reporting requirement.
G	Part G authorizes the Maine Community College System to use the distribution of \$989,352 from the gross slot revenue to match \$1,000,000 for Osher Scholarships.
H	Part H authorizes the Department of Administrative and Financial Services, through the Bureau of General Services to establish the Central Fleet Management and Central Services Divisions in the Bureau of General Services, Department of Administrative and Financial Services, for the purpose

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of operating the postal service, central copy and duplicating, central warehouse, surplus property, central mail room and central fleet management.

<u>Part</u>	<u>Description</u>
I	Part I designates any revised rules of the Maine Land Use Regulation Commission establishing new fees as major substantive rules. It also directs the State Tax Assessor to revise fees already assessed for the Department of Conservation, Maine Land Use Commission services to a town or plantation with only a portion of its land under Maine Land Use Regulation Commission jurisdiction.
J	Part J authorizes the Department of Corrections to conduct a study, costing no more than \$300,000. It establishes the Corrections Alternatives Advisory Committee and requires the Commissioner of the Department of Corrections to submit legislation by January 1, 2006 that establishes a Corrections Incentive Fund.
K	Part K adjusts appropriations and allocations for child welfare services and foster care within the Department of Health and Human Services.
L	Part L amends the Department of Administrative and Financial Services, Bureau of General Services' authority for approving plans for public improvements by removing the provision that allows the bureau to assess school administrative units fees for reasonable costs on school construction projects for which budgets were established subsequent to July 1, 1995 and adjusts appropriations and allocations to reflect the loss of this fee revenue.
M	Part M establishes within the Maine State Museum a revolving fund to cover the operations of the museum sales program and establishes the Maine State Museum Endowment for Publishing and authorizes the Maine State Museum to deposit a percentage of revolving fund proceeds into the endowment and to use the principal and interest to fund museum publications. Authorizes deposits into the endowment fund from private donations and grant funds.
N	Part N requires the Department of Administrative and Financial Services to review vacant positions and the reclassification and reorganization process throughout state government and report back to the Committee on Appropriations and Financial Affairs by January 15, 2006 with any recommendations for position eliminations.
O	Part O establishes a Commission to reform the state budget process.
P	Part P authorizes the Department of Administrative and Financial Services, Office of Information Technology to enter into financing arrangements for the acquisition of hardware, software and systems to support the operations of the Statewide Radio and Network System. A maximum principal amount of \$10,000,000 is authorized on or after July 1, 2005 and an additional \$10,000,000 in principal is authorized to be issued on or after July 1, 2006. It also provides funding for the projected debt service costs.
Q	Part Q authorizes the Maine Community College System and the Governor Baxter School for the Deaf to receive a transfer of funds from the General Fund Salary Plan for the costs of collective bargaining agreements for employees of the Maine Community College System and the Governor Baxter School for the Deaf.

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<u>Part</u>	<u>Description</u>
R	Part R amends the retirement program for judges who retired prior to December 1, 1984 to shift administration of the program from the Judicial Branch to the Maine State Retirement System, effective July 1, 2005. Like the retirement program for governors and their survivors, this program is funded from current appropriations, rather than from a trust fund.
S	Part S extends the 5% service provider tax to certain day habilitation; personal support and residential training services provided to children and adults with mental retardation and adjusts appropriations and allocations to reflect this extension of the tax.
T	Part T reduces the limit on the transfer to the circuit breaker reserve in fiscal year 2004-05 by \$650,000 to \$26,127,647. It also authorizes the State Controller to transfer amounts from balances in the Business Equipment Tax Reimbursement program account, the Homestead Property Tax Reimbursement program account and the Maine Revenue Services program account to the General Fund in fiscal year 2004-05.
U	Part U increases the aggregate principal amount outstanding at any time from \$170,000,000 to \$220,000,000 related to tax exempt borrowing authority for the University of Maine System and modifies the notification requirement.
V	Part V authorizes the transfer of \$200,000 from the General Fund unappropriated surplus to the Maine Milk Pool, Other Special Revenue Fund account within the Department of Agriculture, Food and Rural Resources.
W	Part W provides a General Fund appropriation for the clean-up and remediation of the Lewis Wolman Company site.
X	Part X authorizes the Department of Health and Human Services to establish a drug formulary utilizing the MaineCare Drug Utilization Review Committee. It also authorizes the department to adopt routine technical rules for medication availability in emergency situations. The drug formulary takes effect January 1, 2006.
Y	Part Y redistributes funding provided in the 2006-2007 Part 1 budget for MaineCare payments to hospitals. Funding is to be used for the settlement of the MaineCare hospital reimbursement lawsuit, a reduced level of current hospital MaineCare payment settlements, a reduced funding increase for hospital MaineCare prospective interim payments, and to help offset the impact of the reduction in the 2006 Federal Medical Assistance Percentage (FMAP).
Z	Part Z appropriates \$1,000,000 to the Baxter Compensation Authority and changes the order of priority of the FY05 year-end transfers (the "Cascade") so that the remaining need of the Baxter Compensation Authority is established as the first priority before the other year-end transfers from unappropriated surplus. In the event that the fiscal year 2004-05 year-end transfer are insufficient to fund the full \$7,122,000, the authority's needs remain a priority item in the fiscal year 2005-06 year-end transfers from unappropriated surplus.

Part

Description

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- AA** Part AA directs the State Controller to recognize \$11,544,510 of General Fund revenue that has been billed internally within the Department of Health and Human Services as eligible MaineCare costs, but has not yet been paid. These revenue items are not expected to be available as cash receipts until shortly after the close of fiscal year 2004-05. The accrual of these revenue items is consistent with generally accepted accounting principles. This amendment also requires the Commissioner of Health and Human Services to report by July 31, 2005 on the status of the payment of these internal billings.
- BB** Part BB appropriates funds for 3 positions needed to perform criminal background checks and eliminates one vacant position within the Department of Public Safety.
- CC** Part CC authorizes the Treasurer of State to transfer funds into and out of funds within the cash pool of State Government in order to meet current obligations and requires the State Controller to effect such transfers by journal entry.
- DD** Part DD increases the fines imposed for miscellaneous drug and drug paraphernalia violations.
- EE** Part EE adjusts Federal Expenditures Fund allocations to the Department of Conservation to reflect the establishment of a dedicated account in order to properly administer the federal grants program.
- FF** Part FF increases MaineCare reimbursement for ambulance services and appropriates and allocates funds to meet a projected shortfall in the MaineCare program for fiscal year 2004-05. It also reduces appropriations and allocations for the fiscal year 2006-07 federal medical assistance percentage decrease appropriated in Part A.
- GG** Part GG lapses \$2,500,000 from the Treasurer's General Fund Debt Service account of the \$3,672,000 that was authorized to carry forward at the end of fiscal year 2004-05 pursuant to PL 2005, c. 12, Part DDDD.

Public Law 2005, chapter 386 was enacted as an emergency measure effective June 13, 2005.

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PUBLIC 414 **An Act Regarding the Budget Process for the Legislative Youth Advisory Council** **LD 1511**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRAHAN WESTON	OTP-AM	H-390 S-399 ROTUNDO

Public Law 2005, chapter 414, Section 1 amends 3 MRSA §168-A, sub-§10 to reflect that staff assistance to the Legislative Youth Advisory Council will be provided by the Legislative Council rather than the Edmund S. Muskie School of Public Service and that the staff assistance may be curtailed during periods when the Legislature is in regular or special session.

PUBLIC 439 **An Act To Establish the Disaster Relief Fund** **LD 1125**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
EDMONDS	OTP-AM MAJ ONTP MIN	S-140 S-397 ROTUNDO

Public Law 2005, chapter 439 established the Disaster Relief Fund to be administered by the Department of Defense, Veterans and Emergency Management, Maine Emergency Management Agency. This fund must be the first resource used when either §742 (emergency proclamation) or §744 (disaster relief) of 37-B Maine Revised Statutes Annotated is invoked.

PUBLIC 457 **An Act To Eliminate Pension Cost Reduction Bonding and Provide Replacement Budgeting Measures** **LD 1691**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP MAJ ONTP MIN	

Public Law 2005, chapter 457 does the following:

Part **Description**

A Part A repeals the authority for the Maine Municipal Bond Bank to issue pension cost reduction bonds that was provided in Public Law 2005, chapter 12, Part PPPP, section 1. It also appropriates funds to the Teacher Retirement program within the Department of Education to restore the deappropriations provided in Public Law 2005, chapter 12, Part PPPP, section 5. However, the fiscal year 2005-06 appropriation to fund the unfunded actuarial liability of teachers' retirement is reduced to reflect the transfer of \$41,908,402 from the General Fund unappropriated surplus provided in Public Law 2005, chapter 12, Part PPPP, section 2 and the transfer of \$250,000 from the Maine State Retirement System's Administrative Expense Reserve account to the Retirement Allowance Fund on or before January 1, 2006.

Appropriations and Financial Affairs

B Part B makes reductions to several programs within the Department of Administrative and Financial Services through position eliminations and All Other reductions.

Part **Description**

C Part C reduces funding for a number of tax-related programs including reductions in funding for the multistate tax commission and Maine Revenue Services' funding for information technology and training.

D Part D deappropriates funds from the Department of Agriculture, Food and Rural Resources by reducing contractual services for advertising, transferring 1/2 of one position to Other Special Revenue Funds, reducing one position to 1/2 time, eliminating one Division Director position and reducing operational costs.

E Part E reduces funding to the Department of Audit as a result of a transfer of one Auditor III position to an Other Special Revenue Funds account.

F Part F deappropriates funds for the Department of Conservation by reducing assistance to landowners, delaying the purchase of a helicopter used for fire suppression purposes, reducing operational costs and split funding 2 positions with Other Special Revenue Funds. It also reduces the percentage of state park fees that are returned to host municipalities.

G Part G authorizes the Department of Corrections to assess county jails for high-risk prisoners, reduces funding for several programs within the department through position eliminations and the reduction of All Other funds and deappropriates funds for the Maine Criminal Justice Commission.

H Part H reduces General Fund appropriations to the Maine State Library, the Maine State Museum and the Maine Arts Commission.

I Part I reduces funding for debt service to reflect savings in fiscal year 2005-06 and by postponing the start date of certain capital improvement projects. It allows a school administrative unit that proceeds with a delayed project by using bond anticipation notes to have the interest costs of the temporary borrowing paid by the State. It also decreases funding for special education in fiscal year 2006-07 for those school administrative units that are minimum receivers of state subsidy by holding the transition percentage for special education costs at 84%. This Part also decreases funding for school bus purchases in fiscal year 2006-07 and recognizes savings from maximizing federal reimbursement to local school districts for school-based rehabilitation, day treatment and targeted case management services.

J Part J decreases General Fund appropriations to the Department of Education for programs other than General Purpose Aid for Local Schools.

K Part K reduces funding by \$1,402,250 in fiscal year 2005-06 and \$1,404,150 in fiscal year 2006-07 to the State's higher education institutions. This Part also authorizes the University of Maine System to use up to the first \$1,000,000 of distribution from the gross slot machine revenue in fiscal year 2006-07 to support graduate student stipends for biomedical scholarships.

L Part L deappropriates \$287,306 in fiscal year 2005-06 and \$281,694 in fiscal year 2006-07 to the Department of Economic and Community Development through reductions in funding for certain programs and grants.

M Part M deappropriates funds for the Surface Water Ambient Toxics Monitoring program.

N Part N shifts funding for a position in the Commission on Governmental Ethics and Election Practices from the General Fund to Other Special Revenue Funds.

Appropriations and Financial Affairs

- | <u>Part</u> | <u>Description</u> |
|--------------------|---|
| O | Part O reduces funding to the Blaine House from a reduction in intermittent staff and to the Governor's Office from the elimination of one Governor's Special Assistant position. This Part also provides a departmentwide reduction to the State Planning Office and achieves savings in reductions in contractual services within the Governor's Office. |
| P | Part P decreases funding for the Business Development Finance and the Natural Resources and Marketing programs within the Finance Authority of Maine. |
| Q | Part Q deappropriates funds from the Atlantic Salmon Commission through reductions in operational costs. |
| R | Part R deappropriates funds from the Department of Inland Fisheries and Wildlife through use of salary savings in the Maine Warden Service. |
| S | Part S increases the amount of revenue to be expected from an accelerated collection effort of overdue fines by directing the Judicial Department to access records of the Secretary of State, Bureau of Motor Vehicles. It also reduces funding to be realized through increased efficiencies within the Judicial Department. |
| T | Part T decreases General Fund appropriations to the Department of Labor by \$382,900 in fiscal year 2005-06 and \$386,500 in fiscal year 2006-07 by reallocating funding for certain positions and activities in the department's Administration program and Employment Services Activities program. |
| U | Part U lapses \$800,000 from legislative accounts over the 2006-2007 biennium. It also reduces funding to the Legislature as a result of the suspension of step increases in fiscal year 2005-06 for only those employees earning \$60,000 or more and not represented by a bargaining agent and provides a correction to Public Law 2005, chapter 12. |
| V | Part V deappropriates funds from the Department of Marine Resources by reducing operating expenses, by reducing funds for capital purchases, by eliminating one Account Clerk I position, by delaying the hiring of new Marine Patrol positions, by transferring one Marine Resource Technician position to Other Special Revenue Funds, by eliminating one Word Processor position funded by Other Special Revenue Funds, by reorganizing one executive-level position and by mothballing 3 patrol vessels. This Part also appropriates funds for expanded PSP testing pertaining to mahogany quahogs. |
| W | Part W transfers funding for the Fire Protection Services Commission from the General Fund to Other Special Revenue Funds within the Department of Public Safety and deappropriates funds for the department by eliminating 2 positions in the Gambling Control Board and reducing grants to regional EMS councils. |
| X | Part X deappropriates funds from the Department of the Secretary of State by eliminating one Account Clerk I position and reducing operating funds. |
| Y | Part Y deappropriates funds from Personal Services within the Administration - Treasury program and debt service within the Debt Service - Treasury program. |
| Z | Part Z reduces funding to the Department of the Attorney General as a result of the elimination of merit pay increases for unclassified positions in fiscal year 2006-07 and reduces funds for civil rights teams and deappropriates salary savings from the Human Services Division account and the District Attorneys Salaries account. |

Appropriations and Financial Affairs

- | <u>Part</u> | <u>Description</u> |
|--------------------|--|
| AA | Part AA increases the cigarette tax by \$1 per pack of 20 cigarettes effective September 19, 2005. It also increases the other tobacco tax from 16% of the wholesale price to 20% and the tax on smokeless tobacco from 62% to 78% of the wholesale price effective October 1, 2005 |
| BB | Part BB requires the Maine Municipal Bond Bank to transfer \$5,900,000 from the School Revolving Renovation Fund account representing audit recoveries from major school construction projects paid by General Fund appropriations to the General Fund no later than October 31, 2005. |
| CC | Part CC eliminates the General Fund appropriations to the Department of Public Safety for the cost of conducting background checks and fingerprinting for certain school employees. It also establishes a \$55 fee for the costs of the fingerprinting and background checks to be paid by the applicant and establishes a nonlapsing dedicated account within the Department of Education to be used to reimburse the State Bureau of Identification for the cost of conducting the fingerprinting and background checks. |
| DD | Part DD reduces the amount of state-municipal revenue sharing distributed from the Local Government Fund, "Revenue Sharing 1," during fiscal year 2006-07 by \$5,000,000. This transfer does not affect the amounts transferred from the Disproportionate Tax Burden Fund, "Revenue Sharing 2," or the amounts transferred to the Fund for the Efficient Delivery of Local and Regional Services. |
| EE | Part EE requires the State Controller to transfer \$2,335,918 in fiscal year 2005-06 and \$2,451,935 in fiscal year 2006-07 from the Fund for the Efficient Delivery of Local and Regional Services to the unappropriated surplus of the General Fund. |
| FF | Part FF establishes or increases fees for various certifications, endorsements, administrative portfolios and authorizations for teachers, education specialists, educational technicians and administrators. It also establishes an approval requirement for all individuals paid to work in a school or at a Child Development Services System site in positions that do not require certification or authorization and establishes a fee for the initial approval and for renewal of the approval. |
| GG | Part GG establishes the Professional Standards Board to advise the State Board of Education regarding professional growth, certification and governance of the education profession in this State. |
| HH | Part HH makes adjustments to funding and other changes to selected programs in the Department of Health and Human Services. |
| II | Part II transfers funds and adjusts allocations from the Fund for a Healthy Maine. |
| JJ | Part JJ recognizes the drug subsidy payments the State will receive under the federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 and distributes the payments to the affected state funds. |
| KK | Part KK reduces 2006-07 funding for the MaineCare childless adult waiver program and establishes requirements for meeting this reduction. |
| LL | Part LL requires the Department of Health and Human Services to make hospital lawsuit settlement payments prior to September 30, 2005. Appropriations and allocations are adjusted accordingly. |
| MM | Part MM transfers \$1,125,000 per year from the Dirigo Health Enterprise Fund to the General Fund during the 2006-2007 biennium. |

Appropriations and Financial Affairs

Part Description

- NN** Part NN eliminates references to Freeport Towne Square as a state-operated facility to reflect the privatization of this facility and authorizes the Commissioner of Administrative and Financial Services to sell the Freeport Towne Square state-owned property and deposit the proceeds in an Other Special Revenue Funds account within the Department of Health and Human Services.
- OO** Part OO amends references to the Office of Advocacy within the Department of Health and Human Services and makes adjustments to General Fund appropriations to reflect the privatization of this office.
- PP** Part PP establishes requirements for a managed behavioral health care services system established by the Department of Health and Human Services and deappropriates funds in anticipation of savings from the system.
- QQ** Part QQ allots previously appropriated and allocated funds to be used for Medicare Part D prescription drug wraparound services. It creates a new Fund for a Healthy Maine program, FHM - Drugs for the Elderly and Disabled, and reallocates funds currently allocated for this purpose from the existing FHM - Medical Care program. This amendment also allocates the Fund for a Healthy Maine's share of proceeds from slot machines at commercial race tracks to be used for drug programs for the elderly and disabled and further specifies that these funds must supplement and not supplant existing funds for this purpose.
- RR** Part RR requires the Department of Health and Human Services to restructure the method of providing services under the MaineCare Katie Beckett option. This Part also deappropriates funds in anticipation of savings from this initiative.
- SS** Part SS requires the Commissioner of Administrative and Financial Services to work with executive branch departments and agencies statewide to achieve annual salary savings from vacant positions. It also provides a transfer from the Salary Plan of \$1,000,000 in fiscal year 2005-06 to the undedicated revenue of the General Fund.
- TT** Part TT postpones the 5% increase in the State's share of funding health insurance for retired teachers as provided in Public Law 2005, chapter 12 from October 1, 2005 to January 1, 2006.
- UU** Part UU repeals a provision enacted by Public Law 2005, chapter 12, Part X, section 3 dealing with the State's sharing in a gain with the Maine Education Association health insurance trust. This provision was found to be illegal.
- VV** Part VV requires the State Controller to transfer \$5,000,000 from Other Special Revenue Funds dedicated accounts within the Department of Professional and Financial Regulation to the unappropriated surplus of the General Fund no later than June 30, 2006. This Part also includes a reporting requirement to 3 legislative committees to identify the accounts affected and the amounts transferred.
- WW** Part WW deappropriates funds used for grants by the Maine Municipal Bond Bank in the program supporting the Maine Rural Water Association.
- XX** Part XX provides guidance to the Department of Public Safety in the enforcement of laws pertaining to flavored malt beverages.

Appropriations and Financial Affairs

<u>Part</u>	<u>Description</u>
YY	Part YY directs the Workforce Cabinet to study the delivery of training and economic and workforce development programs in Maine and identify specific strategies to leverage both state and federal resources. It requires the Workforce Cabinet to develop recommendations to achieve cost savings and report its findings to the Governor by January 2, 2006. This Part also directs the State Budget Officer to calculate the amount of savings for all departments and agencies associated with this Part and to transfer the amounts by financial order upon the approval of the Governor.
ZZ	Part ZZ transfers a certain part of rents collected by the Department of Administrative and Financial Services from the Maine Military Authority to the General Fund.
AAA	Part AAA provides a gas tax refund for certain purchases by the State and adjusts appropriations and allocations to reflect the anticipated savings. It also requires the State Budget Officer to calculate the savings and transfer the amounts by financial order as an adjustment to appropriations and allocations.
BBB	Part BBB limits reimbursement of property taxes under the Business Equipment Tax Reimbursement program for the application period that begins on August 1, 2006 to 90% of the property taxes assessed and paid on eligible property.
CCC	Part CCC changes the timing of reimbursement under the tree growth tax laws.
DDD	Part DDD reflects an administrative change to the timing of payments from the Veterans Tax Reimbursement program.
EEE	Part EEE expands the definition of "income" under the Maine Residents Property Tax Program to include contributions to retirement accounts and pension plans and amounts paid for benefits under a "cafeteria plan" or dependent care assistance program in order to more accurately measure household income for purposes of determining an applicant's ability to pay rent or property taxes on homestead property.
FFF	Part FFF alters the income tax calculation for multistate corporations. The change apportions the total tax rather than the total income for affected corporations. This change makes the calculation of income tax for multistate corporations consistent with the calculation for nonresident individual income tax for Maine, including the individual taxation of business income from sole proprietors and members of pass-through entities that engage in multistate business activity.
GGG	Part GGG transfers the subsidy for the Maine Ferry Service from the General Fund to the Highway Fund, deappropriates the rest of General Fund appropriations for the Department of Transportation and allocates funding for these programs into the newly established State Transit, Aviation and Rail Transportation Fund (STAR) within the department, transfers certain General Fund, Highway Fund and Other Special Revenue Funds revenue to the new STAR Fund, deallocates funds from Highway Fund programs in 3 departments to remain within existing resources, establishes that all allocations for the Department of Transportation and Highway Fund-associated allocations for programs in other departments will be included solely in Highway Fund budgets and includes the Joint Standing Committee on Transportation as the recipient of a report on position vacancies.
HHH	Part HHH provides that funds appropriated to the Office of Innovation within the Department of Economic and Community Development for the Fractionation Development Center in Public Law 2005, chapter 12, Part JJJ, section 1 must be used for the specific purpose set forth in Part JJJ, section 1 and may not be reduced, eliminated or diverted for any other purpose.

Appropriations and Financial Affairs

RESOLVE 30 **Resolve, Directing the Department of Administrative and**
EMERGENCY **Financial Services, Bureau of the Budget To Review Unfunded**
 Mandates

LD 1369

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RINES ANDREWS	OTP-AM	H-260 H-286 FISCHER

Resolve 2005, chapter 30, Section 1 directs the Intergovernmental Advisory Group to conduct a review of unfunded state mandates that pertain to municipalities, identify those mandates that were enacted prior to November 23, 1992, prepare a list of those mandates that are considered by the affected units of government to be deserving of analysis and review and identify certain characteristics of the listed mandates.

Section 2 allows the Intergovernmental Advisory Group to seek information from a variety of sources that may be affected by the repeal, modification, redesign, enhanced coordination or delayed implementation of the mandate.

Section 3 directs the Intergovernmental Advisory Group to report its findings and recommendations, including suggested legislation, to the Joint Standing Committee on State and Local Government and the Legislative Council by November 2, 2005. The Joint Standing Committee on State and Local Government may report out a bill to the Second Regular Session of the 122nd Legislature.

Resolve 2005, chapter 30 was finally passed as an emergency measure effective May 20, 2005.