SEN. KEVIN L. RAYE
CHAIR

REP. ROBERT W. NUTTING
VICE-CHAIR

EXECUTIVE DIRECTOR
DAVID E. BOULTER

125TH MAINE STATE LEGISLATURE

LEGISLATIVE COUNCIL

SEN. JONATHAN T. E. COURTNEY
SEN. BARRY J. HOBBINS
SEN. DEBRA D. PLOWMAN
SEN. JUSTIN L. ALFOND
REP. PHILIP A. CURTIS
REP. EMILY ANN CAIN
REP. ANDRE E. CUSHING III
REP. TERRY HAYES

MEETING SUMMARY
December 17, 2010

CALL TO ORDER

Legislative Council Chair, Senate President Raye called the December 17, 2010 Legislative Council meeting to order at 1:13 p.m. in the Legislative Council Chamber.

ROLL CALL

Senators:	President Kevin Raye, Senator Courtney, Senator Alfond, Senator Plowman (arrived shortly after the start of the meeting) Absent: Senator Hobbins
Representatives:	Speaker Nutting, Representative Curtis, Representative Cushing, Representative Cain, Representative Hayes
Legislative Officers:	Joseph Carlton, Secretary of the Senate Heather Priest, Clerk of the House David E. Boulter, Executive Director of the Legislative Council Rose Breton, Legislative Finance Director Debra Olken, Human Resources Director Patrick Norton, Director, Office of Policy & Legal Analysis Grant Pennoyer, Director, Office of Fiscal and Program Review Suzanne Gresser, Revisor of Statutes Scott Clark, Director, Legislative Information Technology John Barden, Director, Law and Legislative Reference Library

Senate President Raye convened the meeting at 1:13 P.M. with a quorum of members present.

SUMMARY OF NOVEMBER 10, 2010 MEETING OF LEGISLATIVE COUNCIL

Motion: That the Meeting Summary of November 10, 2010 be accepted and placed on file. Motion by Senator Courtney. Second by Representative Cushing. **Motion passed unanimous. (8-0)** [Senator Plowman and Senator Hobbins absent.]

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SUMMARY OF DECEMBER 2, 2010 MEETING OF LEGISLATIVE COUNCIL

Motion: That the Meeting Summary of December 2, 2010 be accepted and placed on file. Motion by Senator Courtney. Second by Representative Cain. **Motion passed unanimous. (8-0)** [Senator Plowman and Senator Hobbins absent.]

REPORTS FROM EXECUTIVE DIRECTOR AND COUNCIL OFFICES

Executive Director's Report

Mr. Boulter noted that several errors that appeared in the Legislative Council's Preliminary Agenda and packet were corrected in the Revised Agenda and packet, including those in the meeting summaries.

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

Committee Chairs Orientation

As part of the Legislative Council's orientation programs for the 125th Legislature, a day-long orientation session is being planned for committee chairs in early January. The presiding officers will establish the exact date the session will be held. [Subsequently scheduled for January 4, 2011]

Economic Development Bus Tour

Also as part of the Legislative Council's orientation programs for the 125th Legislature, the Maine Development Foundation (MDF) has arranged for an economic development bus tour of the mid-coast and Down East areas of Maine for all interested legislators. The bus tour will take place from Wednesday, January 12, 2011 through Friday, January 14, 2011. Bus tour registration is through MDF; seating remains available.

Fiscal Report

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

Revenue Update

Total General Fund Revenue - FY 2011 ($'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
November	$206.7	$217.5	$10.8	5.2%	$201.8	7.8%
FYTD	$978.6	$1,046.1	$67.5	6.9%	$964.7	8.4%

General Fund revenue was $10.8 million (5.2%) over budget in November. For the first 5 months of FY 2011, the General Fund revenue was above budget by $67.5 million (6.9%) and reflected growth over the same period in FY 2010 of 8.4%. The variances do not yet reflect the December 2010 revenue revisions that increased General Fund revenue estimates in FY 2011 by $111.6 million. The 8.4% growth rate over FY 2010 for the first 5 months of FY 2011 compares very favorably to the revised growth rate of FY 2011 of 4.7% based on the December revenue revisions.

Individual Income Tax revenues were ahead of budget by $8.6 million in November and $28.9 million for the first 5 months of the FY 2011. The Revenue Forecasting Committee (RFC) revised Individual Income Tax estimates upward by $43.3 million for FY 2011 in its December forecast. The variance noted based on the prior forecast reflects roughly 2/3 of

the revision for FY 2011. Individual Income Tax performance appears to be doing well compared to the revised forecast with a growth rate of 7.4% for the first 5 months, well ahead of the 5.6% growth rate projected for FY 2011 in the revised forecast.

The other major adjustment in the recent revenue forecast was in the Corporate Income Tax. Although it was close to budget in November based on the prior forecast, its positive variance for the first 5 months of FY 2011 was $26.9 million. That variance, as with the Individual Income Tax, represents roughly 2/3 of the increase for this category in the December revenue forecast. The RFC increased Corporate Income Tax revenue projections by $41.7 million and projected an annual growth rate of 14.4% for FY 2011. The actual growth rate for the first 5 months of FY 2011 in the Corporate Income Tax was 53.9%.

The third largest revenue revision for FY 2011 in the December forecast was for the Estate Tax, which was increased by $11.2 million, largely due to a significant estate tax payment received in October of nearly $6 million. Although the Estate Tax fell below the prior forecast in November, significant variances in collections from month to month are not uncommon and revenues remained ahead of the prior forecast by $7.2 million through November.

Other significant General Fund revenue revisions for the current fiscal year were for the Cigarette and Tobacco Tax and Insurance Companies Tax at $8.5 million and $4.8 million, respectively. The growth rate of Cigarette and Tobacco Tax revenue at 0.2% for the first 5 months of FY 2011 is better than the RFC's projected decline for the fiscal year of 1.9%.

November's performance for the other General Fund revenue categories does not provide any indication of significant variances from the revised forecast. Most of the variances will be addressed when the new monthly forecast is developed based on the December revenue forecast.

Highway Fund Revenue Update

Total Highway Fund Revenue - FY 2011 ($'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
November	$26.3	$27.4	$1.0	4.0%	$27.1	0.9%
FYTD	$110.9	$117.3	$6.4	5.7%	$115.8	1.3%

Highway Fund revenue was over budget by $1.0 million (4.0%) in November and $6.4 million for the first 5 months of FY 2011 based on the revenue forecast prior to the December forecast. The December revenue forecast increased Highway Fund revenue estimates in FY 2011 by $0.7 million and projected a decline for FY 2011 of 1.1%. Highway Fund revenue performance through November that reflected a positive growth rate of 1.3% is encouraging.

November's positive performance relative to the forecast was spread out across all revenue categories with the exception of the fine revenue, which was revised downward in the December revenue forecast.

Cash Balances

The average total cash pool balance for November was more than $200 million higher than one year ago and for the first time in years was above the historical average for November of $522.0 million (November 2001 to 2009). Average cash balances have shown improvement in all of the groups below. General Fund internal borrowing is more than $60 million less than a year ago.

Summary of Treasurer's Cash Pool November Average Daily Balances Millions of $'s		
	2009	**2010**
General Fund (GF) Total	($0.6)	$34.6
General Fund (GF) Detail:		
Budget Stabilization Fund	$0.2	$25.4
Reserve for Operating Capital	$0.0	$11.2
Tax Anticipation Notes	$0.0	$0.0
Internal Borrowing	$242.6	$180.0
Other General Fund Cash	($243.4)	($182.0)
Other Spec. Rev. - Interest to GF	($45.2)	$20.7
Other State Funds - Interest to GF	$10.8	$13.0
Highway Fund	$18.9	$56.9
Other Spec. Rev. - Retaining Interest	$47.2	$55.3
Other State Funds	$184.5	$229.5
Independent Agency Funds	$107.5	$116.0
Total Cash Pool	**$323.1**	**$526.0**

Status of Legislative Studies

Mr. Norton reported that the remaining legislative studies were all on target for completion by their reporting date with the exception of two that are in production. He noted the following studies updates:

With the exception of two reports that are in production, meetings of the study committees have concluded and the studies have been completed and are available online. The two exceptions are the LVA Committee study and the Joint Select Committee on Health Care Reform. The Right to Know Advisory Committee report is due by January 15th and is being finalized. The Natural Resources Committee's Study on Solid Waste and Hot Mix Asphalt Plant Emissions has now been finalized and the study report is available.

REPORTS FROM COUNCIL COMMITTEES

1. **Personnel Committee**

   (No report; committee members not yet appointed)

2. **State House Facilities Committee**

   (No report; committee members not yet appointed)

OLD BUSINESS

ITEM 1: Legislative Council Actions Taken by Ballot

There were no Legislative Council actions taken by ballot since its December 2, 2010 meeting. No further action by the Legislative Council is required.

NEW BUSINESS

Item #1: Report of the Commissioner, Department of Professional and Financial Regulation Directing the Department of Professional and Financial Regulation to Study Residential Contractor Licensing, December 8, 2010

Mr. Boulter reported that the Report of the Commissioner, Department of Professional and Financial Regulation was submitted to the Legislative Council for information purposes only; no Legislative Council action was required.

Item #2: Final Report of the Legal and Veterans' Affairs Committee Review of Slot Machines, December 2010

Motion: That the Legislative Council accept the Final Report of the Legal and Veterans' Affairs Committee Review of Slot Machines and place it on file. Motion by Senator Courtney. Second by Senator Alfond. **Motion passed unanimous. (9-0)** [Senator Hobbins absent.]

Item #3: Schedule for Legislative Office Closure Days for Balance of FY11

Mr. Boulter explained that during the remainder of FY11, many Executive departments and agencies in state government will close one day a month ("office closure or "shutdown" day) as a budget savings measure, with employees being unpaid for that day. Judicial Branch employees are not required to take shutdown days. The Legislative Branch has taken shutdown past during the past fiscal year. The Executive Branch grants exceptions to shutdown days to various state agencies based on operational needs. Mr. Boulter explained his memo that lays out the Executive Branch office closure day schedule for the remainder of FY11.

Speaker Nutting suggested that adoption of an office closure schedule should include a provision that the presiding officers may adjust the schedule if necessary based on the legislative schedule and workload. Rep. Cain asked if the office closure schedule applies to legislators or staff. Mr. Boulter stated that it applies to legislative employees.

Rep. Cushing noted that the State Archives may have scheduled a Civil War sesquicentennial event for the scheduled shutdown day in April 2011. President Raye supported the suggestion that the presiding officers have some latitude with respect to legislative office closures. Rep. Cain asked if the changes to the schedule would require further Legislative Council action. Sen. Courtney suggested that the presiding officers could handle any schedule changes in a reasonable manner.

Motion: That the Legislative Council adopt a schedule for Legislative Branch office closure days for the balance of FY11 that is consistent with the schedule for Executive Branch offices, as described in the Executive Director's memo with the condition that the Legislative Council delegates authority to the presiding officers to adjust the schedule if the needs of the Legislature

require it. Motion by Senator Courtney. Second by Senator Alfond. **Motion passed unanimous. (9-0)** [Senator Hobbins absent.]

ANNOUNCEMENTS AND REMARKS

Representative Cushing requested that the Legislative Council agenda be delivered to Legislative Council members electronically. Mr. Boulter responded that this is now being done routinely.

The Legislative Council meeting was adjourned at 1:33 P.M. on a motion by Representative Curtis, seconded by Representative Cushing, **unanimous (9-0)**.

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