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124TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

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

MEETING SUMMARY
August 25, 2010
Approved November 10, 2010

CALL TO ORDER

Legislative Council Chair, Speaker Pingree called the August 25, 2010 Legislative Council meeting to order at 11:15 A.M. in the Legislative Council Chambers.

ROLL CALL

Senators: Senate President Elizabeth Mitchell, Sen. Lisa Marraché, Sen. Philip Bartlett [arrived shortly after the start of the meeting]

Absent: Sen. Kevin Raye, Sen. Jonathan Courtney

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

Absent: Rep. Joshua Tardy

Legislative Officers: Joy O'Brien, Secretary of the Senate
Michael Cote, Assistant Clerk of the House
David E. Boulter, Executive Director of the Legislative Council
Debra Olken, Human Resources Director
Patrick Norton, Director, Office of Policy & Legal Analysis
Grant Pennoyer, Director, Office of Fiscal and Program Review
Suzanne Gresser, Revisor of Statutes
Scott Clark, Director, Legislative Information Services

Chair Pingree convened the meeting at 11:16 A.M. with a quorum of members present.

SUMMARY OF JUNE 30, 2010 MEETING OF LEGISLATIVE COUNCIL

Motion: That the Meeting Summary of June 30, 2010 be accepted and placed on file. Motion by Representative Berry. Second by Senator Marraché. **Motion passed unanimous. (6-0)** [Representative Tardy, Senator Bartlett, Senator Raye and Senator Courtney absent for vote.]
{**Note:** The Legislative Council did not meet in July.}

REPORTS FROM EXECUTIVE DIRECTOR AND COUNCIL OFFICES

Executive Director's Report

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

Civil Support Team Training Exercise

On August 18, 2010, the Maine Army National Guard, in conjunction with U.S. Army North's evaluation team, conducted a Civil Support Team training and evaluation exercise in the State House. The purpose of the exercise was to evaluate the team's performance in responding to an incident where terrorist use of a harmful agent in a public building is suspected. The CST conducted an investigation of various rooms to identify the "harmful agent" and isolate it, and the team was evaluated on its response. According to the Department of Defense, Veterans and Emergency Management, an exercise such as this is essential to developing a capability in Maine to respond to an incident should one ever occur. No harmful substance was actually brought into the State House; the exercise went smoothly and was deemed a success.

Annual Employee Recognition Picnic

On Tuesday, September 14th, the annual recognition picnic for legislative employees will be held in Capitol Park. A picnic lunch will be provided and employees with extensive state/legislative service will be recognized. The event will be held from 11:30 AM – 1:00 PM. All members of the Legislative Council are welcome and encouraged to attend.

Repairs to the State House Dome

Earlier this year the Legislative Council authorized maintenance and improvement projects for 2010, one of which was repairs to the high dome in the State House. No work on the dome had been performed since 1994. Once contractors began work on the high dome to repair minor cracks and repaint the dome, contractors discovered areas where plaster and plaster support showed signs of serious deterioration. In some areas, plaster was at high risk of falling out, which if it had, could have fallen to the 3rd floor. Fortunately, the condition was discovered and repairs made in a timely fashion, without incident. Mr. Boulter showed photographs of the deteriorated area.

Mr. Boulter noted that the situation is an example where the Legislative Council's long-standing program for preventative maintenance is beneficial. Mr. Boulter concluded by saying the repairs are completed and the staging has been removed.

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
July	\$218.0	\$216.7	(\$1.2)	-0.6%	\$223.4	-3.0%
FYTD	\$218.0	\$216.7	(\$1.2)	-0.6%	\$223.4	-3.0%

General Fund revenue was \$1.2 million (0.6%) under budget in July. However, July revenue grew by 1.7% compared to last July. FY 2011 revenue was budgeted for a modest increase of 0.7% over FY 2010 revenue.

Sales tax collections were over budget by \$1.8 million in July, continuing the recent positive experience for this category.

Negative variances for July in the major revenue categories were the Individual Income Tax and the Cigarette and Tobacco Products Tax. Neither of these variances is a concern at this point as each largely reflects timing differences. Withholding payments seem to have recovered during the early part of August and will likely offset July's negative variance.

Mr. Pennoyer pointed out several areas of concern including the real estate transfer tax, Inland Fisheries and Wildlife revenue and Health and Human Services (HHS) revenue. These revenue sources have been underperforming and may likely be adjusted downward in the next revenue forecast. HHS revenue was nearly \$1 million under budget. While some portion of this was related to Medicaid billings not being filed in July, a budget savings initiative may end up reducing targeted case management revenue to HHS.

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

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
July	\$26.5	\$27.8	\$1.3	5.0%	\$28.1	-0.8%
FYTD	\$26.5	\$27.8	\$1.3	5.0%	\$28.1	-0.8%

Highway Fund revenue was \$1.3 million (5.0%) over budget in July. The positive variance in July was 0.8% less than last July, but less of a decline than the 1.3% decline budgeted for all of FY 2011 Highway Fund revenue.

July's positive variance results primarily from the Fuel Tax category, which was \$1.4 million over budget. This reflects a timing issue between June and July. June's negative variance in this category was \$4.7 million. The Revenue Forecasting Committee will be watching this category carefully over the next couple of months to gauge its performance as the tax models have had difficulty predicting this category during this recession.

Mr. Pennoyer noted that the Revenue Forecasting Committee process will begin with an update of the economic forecast, and the Consensus Economic Forecasting Commission will meet on Tuesday, October 26th.

Cash Balances

Recent revenue performance and increases to General Fund reserve balances at the close of FY 2010 have benefitted Maine's cash position, such that the Treasurer indicates that he sees no immediate need for external cash flow borrowing.

General Fund reserve balances increased from \$0.2 million at the close of FY 2009 to \$36.6 million (\$25.4 million in the Budget Stabilization Fund (MBSF) and \$11.2 in the Working Capital Reserve). An additional \$2.5 million in FY 2011 is budgeted to be transferred to the MBSF.

FY 2010 Year-end Surplus Distributions

Presented below is a table presented by Mr. Pennoyer that shows the General Fund year-end transfers (aka "the Cascade") based on a General Fund revenue surplus and other accounting adjustments totaling \$70.0 million.

FY 2010 Year-end Summary - General Fund Surplus		
General Fund Revenue Variance		
Actual Revenue		\$2,755,682,500
Less Final Budgeted Revenue		(\$2,693,005,389)
Sub-total Revenue Variance		\$62,677,111
Lapsed Balances		
Total Lapsed Balance from State Controller's Report		\$29,404,139
Less Budgeted Lapsed Balances		(\$24,143,701)
Sub-total - Lapsed Balances		\$5,260,438
Other Accounting Adjustments Increasing (Decreasing) Unappropriated Surplus		\$2,085,482
Increase in Uncommitted Unappropriated Surplus		\$70,023,030
FY 2010 Closing Transfers/"Cascade"		
Fixed Dollar Transfers		
Reserve for Budget Stabilization Fund transfer (PL 2009, c. 571, UUU and c. 645, H)		(\$5,597,244)
Replenish Contingent Account up to \$350,000 (5 MRSA §1507)		(\$350,000)
Transfer to Loan Insurance Reserve up to \$1,000,000 (5 MRSA §1511)		(\$1,000,000)
Transfer to Dept. of Transportation's Railroad Assistance Program (PL 2009, c. 645, H) ¹		(\$7,000,000)
Percentage Transfers - Remaining Uncommitted Unappropriated Surplus		\$56,075,786
Maine Budget Stabilization Fund	35%	(\$19,626,525)
Retirement Allowance Fund	20%	(\$11,215,157)
Reserve for General Fund Operating Capital	20%	(\$11,215,157)
Retiree Health Internal Service Fund	15%	(\$8,411,368)
Capital Construction & Improvements Reserve Fund	10%	(\$5,607,579)
Total Closing Transfers		(\$70,023,030)
Notes:		
¹ Transfer in PL 2009, c. 645, Part H was intended to be reserved in the Maine Budget Stabilization Fund, but a drafting error left it dedicated to Railroad Assistance Program despite change to an actual appropriation of \$7,000,000 in Part H, section 7.		

For the Highway Fund, the unallocated surplus increased by the \$4.2 million revenue variance, all but \$100,000 of the increase or \$4.1 million was transferred to the Department of Transportation for the Highway and Bridge Capital Light program (Maintenance Paving) as an adjustment to Highway Fund allocations in FY 2011.

Status of Legislative Studies

Mr. Norton reported that the legislative studies were all on target to complete their work by their reporting date. He noted the following studies updates:

Staff Study of education matters: The study is progressing nicely. OPLA staff made its first request for qualitative program information to the department last week and there will

be a second request coming from OFPR within the next week or so for financial information. Mr. Norton concluded by saying he felt the study will produce information that will be very useful to the legislature.

Speaker Pingree asked if there was any objection to taking one item out of order. There was no objection. The Chair then moved to **New Business, Item 2.**

ITEM #2: Request from the Joint Standing Committee on Health Care Reform Opportunities and Implementation for Travel Reimbursement for Invited Presenters

Mr. Boulter stated that the committee is requesting funds totaling \$750.00 to reimburse two individuals who have been invited to make a presentation at a meeting of the committee. There is insufficient reserve in the committee's budget to fund the request; however, there are funds remaining unspent from the FY10 studies that could be used to cover the reimbursement expense.

Motion: That the request from the Joint Standing Committee on Health Care Reform Opportunities for up to \$750.00 to reimburse presenters for travel expenses be approved. Motion by Senator Bartlett. Second by Senator Marraché. **Motion passed unanimous. (7-0)** [Representative Tardy, Senator Raye and Senator Courtney absent for vote.]

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

REPORTS FROM COUNCIL COMMITTEES

1. Personnel Committee

(No Report)

2. State House Facilities Committee

(No Report)

3. Budget Subcommittee

(No Report)

4. CSG Annual Meeting Planning Subcommittee

Senator Bartlett reported on the results of the CSG/ERC annual meeting that was held in Portland on August 15-18, 2010. Although hosting the meeting posed many fundraising and organizational challenges, the meeting was very successful. 600 people from the northeast and Canadian providences attended and the feedback is that the attendees enjoyed Maine and the meeting, and commented how friendly Maine volunteers, staff and legislators were.

Senator Bartlett acknowledged the contributions of John Hennessy for his tireless efforts and those of Pat Eltman, Director of the Bureau of Tourism, who worked hard to obtain in-kind contributions that significantly helped to defray costs. He also thanked Mr. Boulter who organized the event volunteers, and the volunteers who participated. Senator Bartlett stated that enough pledges were received to cover Maine's costs as long as all pledged amounts are received.

Speaker Pingree remarked that the weather and venue were perfect. She noted a number of attendees indicated they would be extending their stay in Maine so hopefully it will result in increased sales taxes to Maine.

OLD BUSINESS

(There was no Old Business.)

NEW BUSINESS

ITEM #1: Memorandum of Agreement Regarding Maintenance of the Road Connecting Union and Gage Streets

Mr. Boulter explained that this item was for information only. Mr. Boulter explained by way of background that the Legislative Council had authorized him to enter into an agreement with the city of Augusta some time ago and only recently had all the parties to the agreement signed the document. In July the agreement was fully executed. The agreement establishes road maintenance responsibilities by the city, rather than the state, for the road connecting Union and Gage Streets, at the east portion of Capitol Park. No Legislative Council action was required.

Item #3: Request for Proposal (RFP) for VoIP Telephone System

Scott Clark, Director of Legislative Information Services, presented a request for authorization to issue a Request for Proposals for a new voice VoIP telephone system to replace the legislature's aging analog telephone system. He stated that his initial assessment after discussing a potential system with vendors was that a new system could save the legislature somewhere between \$35,000 to \$70,000 annually. He said that he is seeking authorization to solicit specific proposals from qualified vendors to help assess whether a telephone system replacement is feasible and will yield that amount of savings. If after proposals are received and reviewed, the matter would come back to the council with a recommendation (to proceed or not).

Speaker Pingree sought clarification that the request is only to issue an RFP at this time and not actually authorize purchase of a replacement telephone system. Mr. Boulter confirmed that Speaker Pingree's understanding was correct. President Mitchell commented that she hoped a new phone system would not replace people with automating answering, believing that such a system is off putting to members of the public. Retaining a personal response is very important in a legislative environment.

Motion: That the Legislative Council authorize the issuance of a "Request for Proposal" to solicit proposals from qualified firms for providing VoIP service to the Legislature. Motion by Senator Marraché. Second by Representative Berry. **Motion passed unanimous. (7-0)** [Representative Tardy, Senator Raye and Senator Courtney absent for vote.]

ANNOUNCEMENTS AND REMARKS

None

The Legislative Council adjourned its meeting at 11:37 A.M.