

SEN. MICHAEL D. THIBODEAU
CHAIR

REP. MARK W. EVES
VICE-CHAIR

EXECUTIVE DIRECTOR
GRANT T. PENNOYER



127TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

SEN. GARRETT P. MASON
SEN. ANDRE E. CUSHING
SEN. JUSTIN L. ALFOND
SEN. DAWN HILL
REP. JEFFREY M. MCCABE
REP. SARA GIDEON
REP. KENNETH W. FREDETTE
REP. ELEANOR M. ESPLING

**LEGISLATIVE COUNCIL
MEETING SUMMARY
August 4, 2016
Approved September 22, 2016**

CALL TO ORDER

President Thibodeau called the August 4, 2016 meeting of the Legislative Council to order at 11:53 a.m. in the Legislative Council Chamber.

ROLL CALL

Senators: President Thibodeau, Senator Cushing, Senator Alfond and Senator Hill

Absent: Senator Mason

Representatives: Representative Gideon and Representative Espling

Absent: Speaker Eves, Representative McCabe
Representative Fredette (arrived late)

Legislative Officers: Heather Priest, Secretary of the Senate
Robert Hunt, Clerk of the House
Jennifer McGowan, Assistant Clerk of the House
Grant T. Pennoyer, Executive Director of the Legislative Council
Dawna Lopatosky, Legislative Finance Director
Jackie Little, Human Resource Director
Marion Hylan Barr, Director, OPLA
Suzanne Gresser, Revisor of Statutes
Kevin Dieterich, Director, Legislative Information Technology

President Thibodeau convened the meeting at 11:53 a.m. with a quorum of members present.

SUMMARY OF APRIL 28, 2016 MEETING OF LEGISLATIVE COUNCIL

The summary of the April 28, 2016 meeting was presented as information only as the summary had been previously approved by ballot by the Legislative Council on June 14, 2016.

REPORTS FROM EXECUTIVE DIRECTOR AND COUNCIL OFFICES

Executive Director's Report

Grant Pennoyer, Executive Director, reported on:

1. Status of Major Construction Projects for this Interim

- State House Roof - Work on the north wing is complete with the exception of the new wall panels for the mechanical penthouse, which should be completed by the end of next week. South wing roof work is going well and should conclude by the end of September.
- House Chamber – Plaster and molding repairs from water damage, primarily on the upper north and east walls of the House Chamber have begun. With the old carpet removed, we are removing outdated and unused network wiring, upgrading some existing cables, replacing the microphones on the desks and installing new video cameras.
- State Street Sidewalk – The replacement of the State Street sidewalk in front of the State House will begin the last week of August and continue through mid-September.
- Security Screening Changes – Beginning Saturday, August 13th, we will be removing the central kiosk at the State House main entrance and adding an additional screening lane to better handle peak crowds. I will be working with Capitol Police to set up temporary screening while the repairs and rewiring are in process.

2. Heating and Cooling System Repairs

We have repaired many of the leaks in the State House heating and cooling system that occurred towards the tail end of the heating system. However, some additional leaks were recently discovered and we will be scheduling repairs to the newly discovered leaks in the West Wing.

3. Original Copper from the State House Dome

As noted in my written summary at the end of June, the proceeds from the various copper reuse efforts offset roughly two-thirds of the savings that was foregone by not immediately salvaging the copper. We still have some mementos for sale and have a small amount of rough copper still available. The final phase of the copper reuse project is the selection of an artist to use the roughly 1,000 square feet reserved for the art work. The Artist Selection Committee is holding its first meeting on September 21st to review possible locations for the art work and establish some guidelines for the artists that will submit proposals.

4. Electric Vehicle Charging Stations

Final installation of the two electric vehicle charging stations in the Parking Garage have been delayed pending the resolution of some payment and accounting issues.

Fiscal Report

Grant Pennoyer, Executive Director, on behalf of OFPR Director Christopher Nolan, reported on:

General Fund Revenue Update

Total General Fund Revenue - FY 2016 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
June	\$369.4	\$369.6	\$0.2	0.0%	\$545.9	-32.3%
FYTD	\$3,356.4	\$3,366.2	\$9.8	0.3%	\$3,329.3	1.1%

General Fund revenue was over budget by \$0.2 million (0.0%) for the month of June and over budget by \$9.8 million (0.3%) for the fiscal year. Individual income tax revenues were over budget for the month by \$8.4 million but under budget for the fiscal year by \$3.6 million. Income tax withholding and estimated payments were the primary factors for the June variance. Estate taxes were \$1.1 million over budget for the month and \$0.6 million over budget for the fiscal year. Sales and use taxes were under budget by \$3.6 million for the month and over budget for the fiscal year by \$14.0 million. Partially offsetting the positive variances was the service provider tax, which was \$7.4 million under budget for the month and \$10.2 million under budget for the fiscal year to date. This variance is likely the result of over accruals in July 2015 (reversed in June 2016) and potentially under estimating the amount of sales tax revenue attributable to the service provider tax revenue category.

Highway Fund Revenue Update**Total Highway Fund Revenue - FY 2016 (\$'s in Millions)**

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
June	\$25.4	\$25.7	\$0.2	0.9%	\$47.6	-46.1%
FYTD	\$322.7	\$327.4	\$4.7	1.5%	\$323.5	1.2%

Highway Fund revenue was over budget by \$0.2 million (0.9%) for the month of June and over budget by \$4.7 million (1.5%) for the fiscal year. Strong performances in the motor vehicle registrations and fees and the motor vehicle inspection fees categories were the primary reasons for the positive year-end results. Motor vehicle registrations and fees were over budget by \$3.8 million for the fiscal year, with motor vehicle registration and long-term trailer registration fees accounting for the majority of the overage. Motor vehicle inspection fees were over budget by \$0.5 million for the fiscal year.

Cash Balances Update

The average balance in the cash pool in June of \$847.9 million was below the May average of \$858.5 million. June's total cash balances were well above both last year's balances for June and the ten-year averages for the month. General Fund internal borrowing from other funds was once again not needed in June and was only needed in four months of this fiscal year. The average Highway Fund balance of \$47.9 million in June decreased from Mays's average of \$51.8 million.

FY 2016 Year-End Cascade Transfers

The FY 2016 closing General Fund balance totaled \$93.0 million, \$22.1 million of which was unbudgeted. The \$22.1 million not budgeted included \$9.8 million in General Fund revenue surplus, \$7.5 million in unbudgeted lapsed program balances and \$4.8 million in other accounting adjustments. Under the current distribution rules for the year-end "cascade" of funds from the unappropriated surplus of the General Fund (5 MRSA §1507, §1511, §1519 and §1536), after all fixed dollar transfers were distributed; 80% (\$707,300) was distributed to the Maine Budget Stabilization Fund and 20% (\$176,825) was distributed to the Tax Relief Fund for Maine Residents. The table below summarizes the sources and uses of FY 2016 uncommitted funds.

FY 2016 General Fund Year-End Summary

Sources of General Fund Year-end Surplus:		
General Fund Revenue Variance		\$9,829,734
Unbudgeted Lapsed Balances		\$7,511,276
Other Accounting Adjustments Increasing (Decreasing) Balance		\$4,791,115
Total Increase in Uncommitted Unappropriated Surplus		<u>\$22,132,125</u>
Uses of General Fund Year-end Surplus:		
Fixed Dollar Transfers		
Replenish Contingent Account up to \$350,000 (5 MRSA §1507)		(\$348,000)
Transfer to Loan Insurance Reserve up to \$1,000,000 (5 MRSA §1511)		(\$1,000,000)
Transfer to General Fund Operating Capital (5 MRSA §1536)		(\$2,500,000)
Transfer to Retiree Health Insurance UAL (5 MRSA §1519)		(\$4,000,000)
Transfer to PUC Cost Recovery Fund (PL 2015, c 483)		(\$13,400,000)
Percentage Transfers of Remaining Surplus after Fixed Dollar Transfers		
Maine Budget Stabilization Fund	80.0%	(\$707,300)
Tax Relief Fund for Maine Residents	20.0%	(\$176,825)
Total Closing Transfers		<u>(\$22,132,125)</u>

The Highway Fund also has a statutory year-end transfer provision that transfers all but \$100,000 of the increase in the unallocated surplus above the budgeted amount to the Department of Transportation for highway and bridge improvement projects in the next fiscal year. The amounts that transferred and are available in FY 2017 are \$11.6 million. In addition to a \$4.7 million revenue surplus, unexpended Highway Fund allocations that lapsed back to the unallocated surplus totaled \$5.1 million and other net accounting adjustments equaled \$1.9 million.

FY 2016 Highway Fund Year-End Summary

Sources of Highway Fund Year-end Surplus:		
Highway Fund Revenue Variance		\$4,709,320
Unbudgeted Lapsed Balances		\$5,090,423
Other Accounting Adjustments Increasing (Decreasing) Balance		\$1,855,131
Total Increase in Uncommitted Unallocated Surplus		<u>\$11,654,874</u>
Uses of Highway Fund Year-end Surplus:		
Required Increase to Budgeted Balance		\$100,000
Net Unallocated Transferred to Transportation		<u>\$11,554,874</u>

Studies Update and Report

Marion Hylan Barr, Director, Office of Policy and Legal Analysis, reported on the status of the Interim Legislative Studies and Committee meetings (please see the attached report). Appointments have not yet been completed for many of the studies. A few of the studies have begun to meet or have scheduled their meetings. One has put in a request to hold an off-site meeting which will be acted upon later in this agenda.

REPORTS FROM COUNCIL COMMITTEES

1. Personnel Committee

President Thibodeau reported that the Personnel Committee held a meeting on July 12th to consider the following matters:

1. Work/Life Balance Project Update

The committee received an update from HR Director Little. No action was taken by the committee at this time.

2. Reclassification of a Position in the Executive Director's office

Mr. Pennoyer reviewed with the committee a request for a position reclassification in the Office of the Executive Director. The committee voted unanimously to recommend this request to the Legislative Council for approval. This request was subsequently approved by ballot by the Legislative Council.

3. Review of Revisions to the Personnel Policies

Mr. Pennoyer and Ms. Little reviewed potential changes to the personnel policies. The committee requested additional information. This item will be discussed at a future Personnel Committee meeting. No Legislative Council action is required.

4. 2016 Employee Engagement Survey

Ms. Little provided information to the committee about the 2016 nonpartisan employee engagement survey. No Legislative Council action is required.

2. State House Facilities Committee

No report

OLD BUSINESS

Item #1: Council Actions Taken by Ballot

Requests for Introduction of Legislation:

LR 2830 An Act to Fund Agreements with Bargaining Units for Certain Executive Branch Employees.

Submitted by: Senator Andre Cushing

Approved: April 28, 2016

Vote: 6-0-0-4 in favor (with Sen. Hill, Rep. Gideon, Rep. Fredette and Rep. Espling absent)

Decision by Legislative Council Ballot:

Motion: That the Legislative Council accept the Meeting Summary for April 28, 2016 and place it on file.

Motion by: President Thibodeau Second by: Speaker Eves
Approved: June 14, 2016
Vote: 9-0-0-1 in favor (with Rep. Fredette absent)

Motion: That the Legislative Council accept the funds contributed to fund the Task Force on Public-Private Partnerships to Support Public Education and further to authorize the study to convene.

Motion by: President Thibodeau Second by: Speaker Eves
Approved: June 15, 2016
Vote: 8-0-1-1 in favor (with Rep. Espling abstaining and Rep. Fredette absent)

Motion: That, upon the unanimous recommendation of the Personnel Committee, the Legislative Council approve the Executive Director's proposed reclassification of one position in the Office of the Executive Director.

Motion by: President Thibodeau Second by: Speaker Eves
Approved: July 15, 2016
Vote: 9-0-0-1 in favor (with Sen. Mason absent)

NEW BUSINESS

Item #1: Proposal to Replace the MELD Drafting System

Mr. Pennoyer presented a request to the Legislative Council to enter into a contract to replace the MELD Bill Production System. Mr. Pennoyer explained that we have been exploring options to replace our inefficient, aging system for a number of years, but haven't found any good options until recently. Tallan, Inc. has developed a system for the state of Delaware that has excellent potential to be adapted to what we need here in Maine. This request would be a divergence from the normal bidding process in which an agency first develops a requirements document and then seeks bids for the new system based on those requirements. While the Council expressed its support of procuring a replacement bill production system, it discussed the possibility of the Executive Director putting the request out to bid and having the development of the requirements be part of the bidding process. Mr. Pennoyer indicated that he would do some more research on this issue and this item will be reviewed at the next Legislative Council meeting.

Item #2: Review of Proposed Schedules for the Policy Leaders Academy and Bus Tour for the 128th Legislature

The Maine Development Foundation (MDF) submitted proposed schedules for the policy leaders academy and bus tour for the 128th Legislature. The first event would be the Legislative Policy Forum as part of the Pre-Legislative Conference on December 8th from 9 am to 1:30 pm at the Governor Hill Mansion. The 3 day bus tour would take place from January 11 through January 13, 2017. Another event would be a full day legislative summit at the Augusta Civic Center

tentatively scheduled for January 18th. This would be followed by several policy forums to be held throughout the legislative session. MDF requests permission from the Legislative Council to work with the Executive Director on finalizing these events for the 128th Legislature.

Motion: That the Legislative Council approve the request of the Maine Development Foundation to hold the Policy Leaders Academy and Bus Tour for the 128th Legislature and for the Maine Development Foundation to work with the Executive Director to finalize the schedule of these events. Motion by Senator Alford. Second by Representative Fredette. **Motion passed unanimous (6-0**, with Senators Mason and Cushing and Representatives Eves and McCabe absent).

Item #3: Request to hold offsite meeting by the Commission to Study the Economic, Environmental and Energy Benefits of the Maine Biomass Industry

The Commission to Study the Economic, Environmental and Energy Benefits of the Maine Biomass Industry requests permission to meet offsite for its August 30, 2016 meeting. The morning session would meet at the University of Maine at Farmington to hold discussions relating to its duties established in Resolve 2015, chapter 85. The afternoon session would consist of visits to a logging operation, Stratton Lumber, the ReEnergy biomass facility and the Linkletter combined heat and power facility in Athens.

Motion: That the Legislative Council approve the request of the Commission to Study the Economic, Environmental and Energy Benefits of the Maine Biomass Industry to hold an offsite meeting on August 30, 2016. Motion by Senator Alford. Second by Representative Gideon. **Motion passed unanimous (6-0**, with Senators Mason and Cushing and Representatives Eves and McCabe absent).

ANNOUNCEMENTS AND REMARKS

With no other business to consider or further announcements, the Legislative Council meeting was adjourned at 12:58 p.m.