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Date: (Filing No. S-)

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STATE OF MAINE
SENATE
125TH LEGISLATURE
FIRST REGULAR SESSION

SENATE AMENDMENT “ ” to COMMITTEE AMENDMENT “A” to H.P. 778, L.D. 1043, Bill, “An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2012 and June 30, 2013”

Amend the amendment by striking out all of Parts M, N, O and Q.

Amend the amendment in Part T by striking out all of section 10 (page 557, lines 28 to 36 in amendment) and inserting the following:

Sec. T-10. 5 MRSA §17806, sub-§1, ¶A, as amended by PL 2009, c. 473, §3, is further amended to read:

A. Except as provided in paragraph A-1, whenever there is a percentage increase in the Consumer Price Index from July 1st to June 30th, the board shall automatically make an equal percentage increase in retirement benefits, beginning in September, up to a maximum annual increase of ~~4%~~ 3%.'

Amend the amendment in Part T by striking out all of sections 21 and 22 (page 562, lines 1 to 22 in amendment) and inserting the following:

Sec. T-21. Cost-of-living increase to retirement benefits. Notwithstanding any other provision of law, retirement benefits may not be adjusted to reflect any cost-of-living increase that would otherwise begin in September 2011.

Sec. T-22. Noncumulative cost-of-living adjustment retirement benefit. No later than August 15, 2012, the Executive Director of the Maine Public Employees Retirement System shall notify the State Controller of the total cost of providing a payment to retirees that would otherwise have been eligible for a cost-of-living adjustment but for the operation of the suspension of the annual cost-of-living adjustment pursuant to the provisions of this Part. The benefit calculation is equal to the change in the Consumer Price Index for the year ending in June of the prior calendar year, up to a maximum of 3%, but in no case may the change be less than 0%, multiplied by the retirement benefit payments for the one-year period ending August 31st of that calendar year, excluding any retirement benefits calculated pursuant to this section. The State Controller shall transfer the amounts calculated pursuant to this section up to the balance

SENATE AMENDMENT

1 available in the reserve for retirement benefits established in the Maine Revised Statutes,
 2 Title 5, section 1522 no later than September 1, 2012. If the balance in the reserve for
 3 retirement benefits on that date is not sufficient to fully fund the total benefits calculated,
 4 the State Controller shall transfer the amount that is available in the reserve to the Maine
 5 Public Employees Retirement System and the executive director shall proportionally
 6 reduce the benefit calculated by this section to equal the amount of funding provided.'

7 Amend the amendment by striking out all of Parts CCCC, FFFF, GGGG and HHHH.

8 Amend the amendment by inserting after Part QQQQ the following:

9 **'PART RRRR**

10 **Sec. RRRR-1. Appropriations and allocations.** The following appropriations
 11 and allocations are made.

12 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

13 **Executive Branch Departments and Independent Agencies - Statewide 0017**

14 Initiative: Appropriates funds to partially restore changes made to future pension
 15 obligations.

16	GENERAL FUND	2011-12	2012-13
17	Personal Services	\$7,078,754	\$7,335,347
18			
19	GENERAL FUND TOTAL	<u>\$7,078,754</u>	<u>\$7,335,347</u>

20	ADMINISTRATIVE AND FINANCIAL		
21	SERVICES, DEPARTMENT OF		
22	DEPARTMENT TOTALS	2011-12	2012-13
23			
24	GENERAL FUND	\$7,078,754	\$7,335,347
25			
26	DEPARTMENT TOTAL - ALL FUNDS	<u>\$7,078,754</u>	<u>\$7,335,347</u>

27 **EDUCATION, DEPARTMENT OF**

28 **Teacher Retirement 0170**

29 Initiative: Appropriates funds to partially restore changes made to future pension
 30 obligations.

31	GENERAL FUND	2011-12	2012-13
32	All Other	\$32,014,194	\$32,883,974
33			
34	GENERAL FUND TOTAL	<u>\$32,014,194</u>	<u>\$32,883,974</u>

1	EDUCATION, DEPARTMENT OF		
2	DEPARTMENT TOTALS	2011-12	2012-13
3			
4	GENERAL FUND	\$32,014,194	\$32,883,974
5			
6	DEPARTMENT TOTAL - ALL FUNDS	\$32,014,194	\$32,883,974

7 **JUDICIAL DEPARTMENT**

8 **Courts - Supreme, Superior and District 0063**

9 Initiative: Appropriates funds to partially restore changes made to future pension
10 obligations.

11	GENERAL FUND	2011-12	2012-13
12	Personal Services	\$461,439	\$478,180
13			
14	GENERAL FUND TOTAL	\$461,439	\$478,180

15 **JUDICIAL DEPARTMENT**

16 **DEPARTMENT TOTALS**

17		2011-12	2012-13
18	GENERAL FUND	\$461,439	\$478,180
19			
20	DEPARTMENT TOTAL - ALL FUNDS	\$461,439	\$478,180

21 **LAW AND LEGISLATIVE REFERENCE LIBRARY**

22 **Law and Legislative Reference Library 0636**

23 Initiative: Appropriates funds to partially restore changes made to future pension
24 obligations.

25	GENERAL FUND	2011-12	2012-13
26	Personal Services	\$21,189	\$21,957
27			
28	GENERAL FUND TOTAL	\$21,189	\$21,957

29 **LAW AND LEGISLATIVE REFERENCE**
30 **LIBRARY**

31	DEPARTMENT TOTALS	2011-12	2012-13
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32

1	GENERAL FUND	\$21,189	\$21,957
2			
3	DEPARTMENT TOTAL - ALL FUNDS	\$21,189	\$21,957
4	LEGISLATURE		
5	Legislature 0081		
6	Initiative: Appropriates funds to partially restore changes made to future pension		
7	obligations.		
8	GENERAL FUND	2011-12	2012-13
9	Personal Services	\$273,097	\$283,005
10			
11	GENERAL FUND TOTAL	\$273,097	\$283,005
12	LEGISLATURE		
13	DEPARTMENT TOTALS	2011-12	2012-13
14			
15	GENERAL FUND	\$273,097	\$283,005
16			
17	DEPARTMENT TOTAL - ALL FUNDS	\$273,097	\$283,005
18	PROGRAM EVALUATION AND GOVERNMENT ACCOUNTABILITY,		
19	OFFICE OF		
20	Office of Program Evaluation and Government Accountability 0976		
21	Initiative: Appropriates funds to partially restore changes made to future pension		
22	obligations.		
23	GENERAL FUND	2011-12	2012-13
24	Personal Services	\$13,341	\$13,825
25			
26	GENERAL FUND TOTAL	\$13,341	\$13,825
27	PROGRAM EVALUATION AND		
28	GOVERNMENT ACCOUNTABILITY, OFFICE		
29	OF		
30	DEPARTMENT TOTALS	2011-12	2012-13
31			
32	GENERAL FUND	\$13,341	\$13,825
33			

1	DEPARTMENT TOTAL - ALL FUNDS	\$13,341	\$13,825
2	SECTION TOTALS	2011-12	2012-13
3			
4	GENERAL FUND	\$39,862,014	\$41,016,288
5			
6	SECTION TOTAL - ALL FUNDS	\$39,862,014	\$41,016,288
7			

8 Amend the amendment by relettering or renumbering any nonconsecutive Part letter
9 or section number to read consecutively.

10 **SUMMARY**

11 This amendment strikes the following Parts from Committee Amendment "A":

12 1. Part M, which increases the amount excluded from the estate tax;

13 2. Part N, which establishes a new individual income tax rate schedule, conforms the
14 Maine standard deduction amounts to the federal amounts, repeals the exclusion of
15 mortgage insurance premiums from Maine itemized deductions, conforms the Maine
16 personal exemption amount to the federal amount, eliminates the Maine alternative
17 minimum tax on individuals, reduces the lump-sum retirement plan distribution tax and
18 reduces the early distribution from retirement plan tax;

19 3. Part O, which repeals the income tax addition modifications related to the federal
20 Section 179 business expensing thresholds for tax years beginning on or after January 1,
21 2011 and provides a credit equal to 10% of the federal bonus depreciation on property
22 placed in service in Maine during tax years beginning in 2011 and 2012, excluding
23 certain utility and telecommunications property;

24 4. Part Q, which enacts the Maine New Markets Capital Investment Program, which
25 is modeled after the federal tax credit to attract investment in economically distressed
26 areas;

27 5. Part CCCC, which provides new minimum taxability thresholds for nonresidents.
28 The new thresholds permit greater income-earning activity by nonresidents in the State
29 before Maine income tax liability is triggered. This Part also excludes from the
30 determination of taxability in the State up to 24 days of personal services related to
31 certain training, management functions, equipment upgrades and new investment;

32 6. Part FFFF, which exempts from sales tax plastic bags used by redemption centers
33 to sort, store or transport returnable beverage containers;

34 7. Part GGGG, which expands the current exemption from sales and use tax for
35 aircraft to apply to all aircraft, regardless of weight or the state of residency of the
36 purchaser and expands the exemption to include sales of repair and replacement parts
37 used exclusively in aircraft and in the overhauling and rebuilding of aircraft and aircraft
38 parts; and

1 8. Part HHHH, which provides an income tax credit for investment in or
2 contributions to eligible public fishery infrastructure projects in the State. The credit
3 applies to both freshwater and saltwater fisheries.

4 The amendment amends Part T to eliminate the \$20,000 cap on the amount of
5 retirement benefits subject to a cost-of-living adjustment and limits the freeze on
6 adjustments of retirement benefits for members of these retirement programs to one year,
7 instead of 3 as proposed in Committee Amendment “A.”

8 The amendment adds an appropriations and allocations section.

9 **FISCAL NOTE REQUIRED**

10 **(See attached)**

11 SPONSORED BY: _____

12 (Senator BARTLETT)

13 COUNTY: Cumberland