

**Summary of
2012-2013
Biennial Budget Bills
As Amended**

**Prepared by the
Office of Fiscal & Program Review**

June 15, 2011

**Summary of
2012-2013 Biennial Budget Bills
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GENERAL FUND STATUS - FUND BALANCE SUMMARY

Based on Biennial Budget Bills as Amended ¹

	FY 11	FY 12	FY 13
<u>AVAILABLE FUNDS</u>			
Transfers/Adjustments to Balance:			
Through 124th Legislature	(\$56,007,211)	\$0	\$0
EFY11 Budget Bill (LD 100 - PL 2011, c. 1)	\$8,360,329	\$0	\$0
2nd EFY11 Budget Bill (LD 1372 - PL 2011, c. 28)	\$36,206,516	\$0	\$0
2012-2013 Biennial Budget (LD 1043 as Amended)	\$6,800,000	\$74,866,518	(\$37,627,707)
Subtotal - Transfers/Adjustments to Balance	(\$4,640,366)	\$74,866,518	(\$37,627,707)
Undedicated Revenue:			
December 2010 Base Revenue Estimate	\$2,885,475,055	\$2,953,273,850	\$3,096,013,848
May 2011 Revenue Revision	\$12,089,813	(\$4,795,787)	(\$42,204,219)
EFY11 Budget Bill (LD 100 - PL 2011, c. 1)	(\$1,500,344)	(\$7,924,538)	(\$32,351)
Other Legislation 125th Legislature, 1st Regular Session	\$0	\$282,700	\$254,485
Biennial Budget (LD 1043 as Amended)	\$0	\$4,639,844	(\$13,887,875)
Highway Fund Biennial Budget (LD 1348 as Amended)	\$0	\$0	(\$6,306)
Subtotal - Undedicated Revenue	\$2,896,064,524	\$2,945,476,069	\$3,040,137,582
TOTAL PROJECTED RESOURCES	\$2,891,424,158	\$3,020,342,587	\$3,002,509,875
<u>APPROPRIATIONS</u>			
Appropriations through 124th Leg. / 2012-2013 Baseline	\$2,711,570,823	\$3,027,086,219	\$3,046,057,503
EFY11 Budget Bill (LD 100 - PL 2011, c. 1)	\$124,976,833	\$0	\$0
2nd EFY11 Budget Bill (LD 1372 - PL 2011, c. 28)	\$36,206,516	\$0	\$0
2012-2013 Adjustments to Baseline Budget	\$0	\$11,552,303	(\$48,832,707)
TOTAL APPROPRIATIONS	\$2,872,754,172	\$3,038,638,522	\$2,997,224,796
NET CHANGE (Resources less Appropriations)	\$18,669,986	(\$18,295,935)	\$5,285,079
BEGINNING BALANCE ¹	\$349,154	\$19,019,140	\$723,205
NET CHANGE (FROM ABOVE)	\$18,669,986	(\$18,295,935)	\$5,285,079
ENDING BALANCE	\$19,019,140	\$723,205	\$6,008,284

Summary of Major Changes

See separate summary for the Emergency FY 11 Supplemental Budget (LD 100 as enacted as PL 2011, c. 1). The next 2 pages provide a summary of the major initiatives separating out "savings" initiatives (those increasing General Fund balances) from "spending" initiatives (those decreasing General Fund balances). Additional information is provided in the appendices including: a summary of appropriations by major categories and a summary of tax and fee changes.

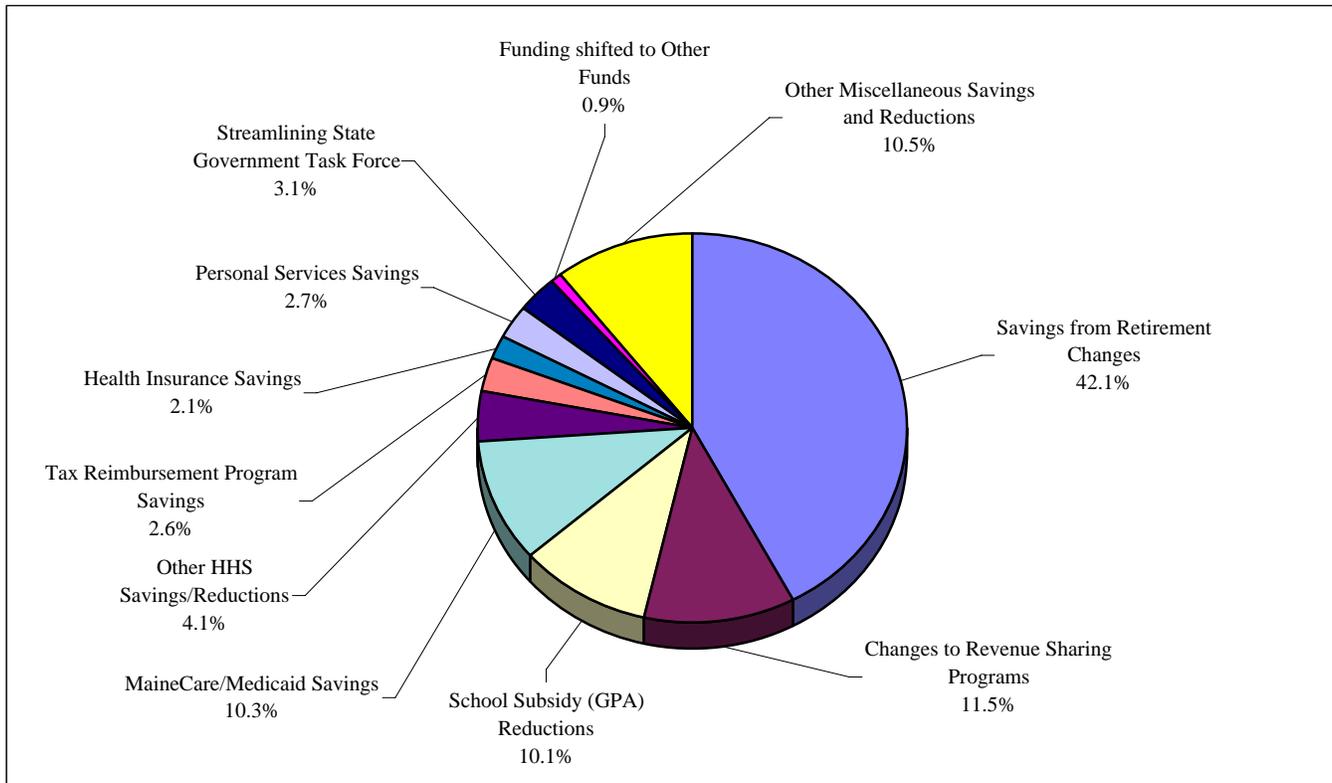
Notes:

¹ Based on all legislative changes through the 124th Legislature, FY10 year-end adjustments, the December 2010 and May 2011 Revenue Forecasts, the Emergency FY 11 Budget Bill (LD 100, PL 2011, c. 1), the 2nd Emergency FY11 Budget Bill (LD 1372, PL 2011, c. 28) and the Governor's 2012-2013 Biennial Budget Bill, LD 1043 as amended. It also reflects the impact of the 2012-2013 Highway Fund Biennial Budget Bill, LD 1348 as amended and other legislation enacted through June 10, 2011.

General Fund Adjustments - "Savings" Initiatives ¹

Initiatives Increasing General Fund Balance

	FY 12	FY 13	Biennium	% of Total
Savings from Retirement Changes	\$157.3	\$177.0	\$334.4	42.1%
Changes to Revenue Sharing Programs	\$42.4	\$48.6	\$91.0	11.5%
School Subsidy (GPA) Reductions	\$49.6	\$30.4	\$80.0	10.1%
MaineCare/Medicaid Savings	\$43.6	\$38.4	\$82.0	10.3%
Other HHS Savings/Reductions	\$8.1	\$24.8	\$32.9	4.1%
Tax Reimbursement Program Savings	\$10.3	\$10.6	\$20.9	2.6%
Health Insurance Savings	\$5.4	\$11.1	\$16.5	2.1%
Personal Services Savings	\$8.6	\$12.5	\$21.1	2.7%
Streamlining State Government Task Force	\$0.0	\$25.0	\$25.0	3.1%
Funding shifted to Other Funds	\$3.6	\$3.7	\$7.3	0.9%
Other Miscellaneous Savings and Reductions	\$50.2	\$33.2	\$83.4	10.5%
TOTAL ADJUSTMENTS INCREASING BALANCE	\$379.2	\$415.3	\$794.5	100.0%



Notes:

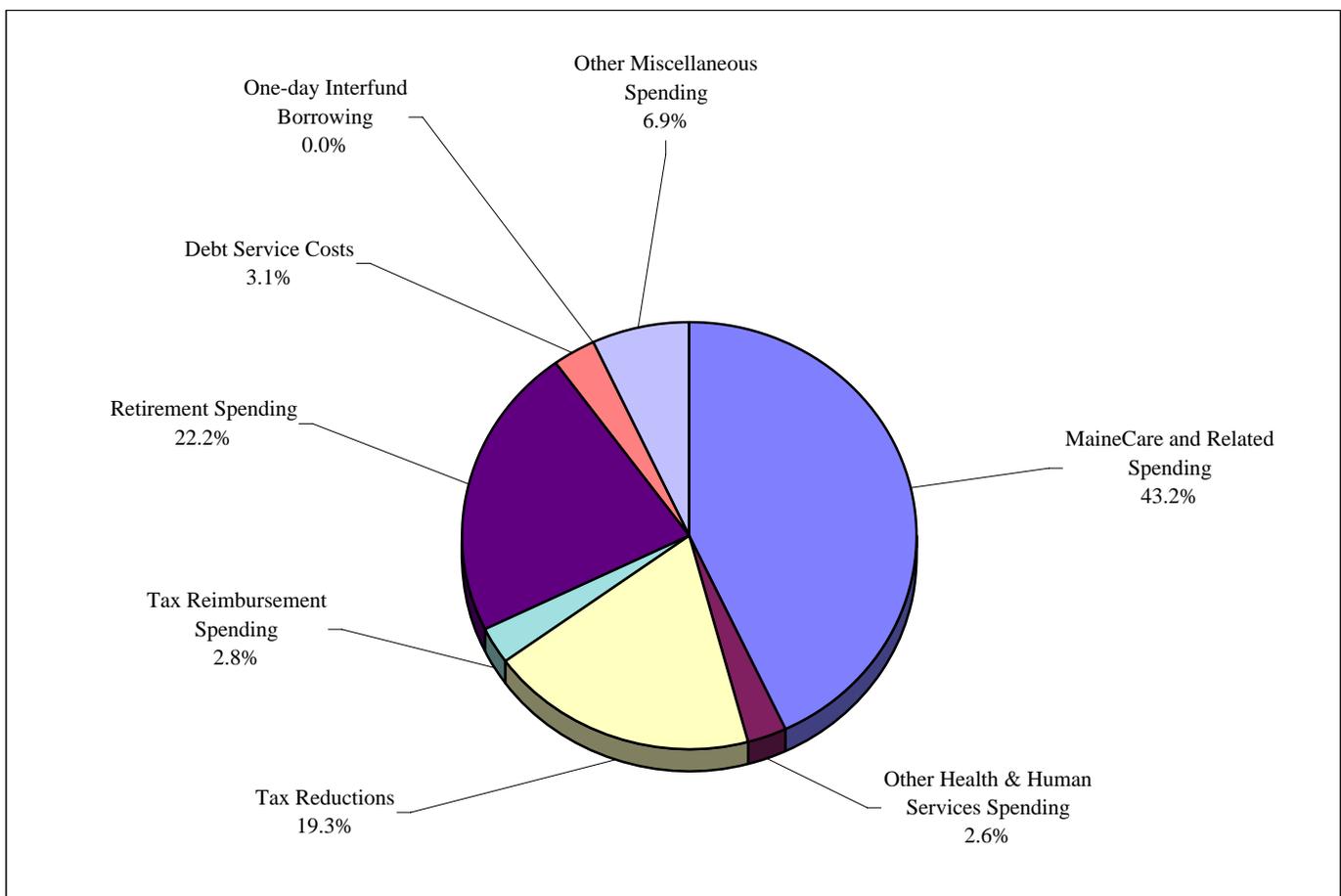
¹ "Savings" initiatives include those items that increase resources: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances. Does not reflect transfers of appropriations between General Fund programs that net to \$0.

Amounts may not add due to rounding

General Fund Adjustments - "Spending" Initiatives ¹

Initiatives Decreasing General Fund Balance

	FY 12	FY 13	Biennium	% of Total
MaineCare and Related Spending	\$173.8	\$141.1	\$314.8	43.2%
Other Health & Human Services Spending	\$12.3	\$6.7	\$19.0	2.6%
Tax Reductions	\$48.0	\$92.5	\$140.5	19.3%
Tax Reimbursement Spending	\$10.1	\$10.1	\$20.2	2.8%
Retirement Spending	\$73.6	\$88.2	\$161.9	22.2%
Debt Service Costs	\$9.6	\$12.9	\$22.4	3.1%
One-day Interfund Borrowing	(\$43.0)	\$43.0	\$0.0	0.0%
Other Miscellaneous Spending	\$26.9	\$23.5	\$50.4	6.9%
TOTAL ADJUSTMENTS DECREASING BALANCE	\$311.3	\$417.9	\$729.2	100.0%



Notes:

¹ "Spending" initiatives include all those items that decrease resources: appropriations; revenue decreases; transfers to other funds; and other negative adjustments to fund balance. Does not reflect transfers of appropriations between General Fund programs that net to \$0.

Amounts may not add due to rounding

HIGHWAY FUND STATUS

Based on Highway Fund Biennial Budget (LD 1348 as Amended) ¹

	FY 11	FY 12	FY 13
<u>AVAILABLE FUNDS</u>			
Transfers/Adjustments to Balance:			
Through 124th Legislature	(\$1,644,410)	\$0	\$0
Highway Fund Biennial Budget Bill (LD 1348 as Amended)	\$0	(\$5,300,052)	(\$5,419,451)
Subtotal - Transfers/Adjustments to Balance	(\$1,644,410)	(\$5,300,052)	(\$5,419,451)
Highway Fund Revenue:			
December 2010 Base Revenue Estimate	\$307,728,807	\$315,026,156	\$320,369,844
May 2011 Revenue Revision	\$560,326	\$1,331,284	\$3,264,407
Highway Fund Biennial Budget Bill (LD 1348 as Amended)	\$0	\$0	(\$5,266,227)
Subtotal - Undedicated Revenue	\$308,289,133	\$316,357,440	\$318,368,024
TOTAL PROJECTED RESOURCES	\$306,644,723	\$311,057,388	\$312,948,573
<u>Highway Fund Allocations</u>			
Allocations through 124th Leg. / 2012-2013 Baseline Budget	\$305,225,002	\$296,661,470	\$302,982,834
EFY11 Highway Fund Budget Bill (PL 2011, c. 20)	(\$160,049)		
Highway Fund Biennial Budget Bill (LD 1348 as Amended)	(\$754,870)	\$16,243,543	\$10,039,380
TOTAL Highway Fund Allocations	\$304,310,083	\$312,905,013	\$313,022,214
NET CHANGE (Resources less Allocations)	\$2,334,640	(\$1,847,625)	(\$73,641)
BEGINNING BALANCE	\$150,282	\$2,484,922	\$637,297
NET CHANGE (FROM ABOVE)	\$2,334,640	(\$1,847,625)	(\$73,641)
ENDING BALANCE	\$2,484,922	\$637,297	\$563,656

Major Changes 2012-2013 Biennial Highway Fund Budget (LD 1348 as Amended):

	Net Cost (Savings)	
	FY 12	FY 13
> Transfer from General Fund (Not included in amended budget bills)	\$0	\$0
> Savings from various retirement and retiree health insurance changes	(\$13,094,843)	(\$15,382,498)
> State employee salary-related and health insurance savings	(\$1,489,456)	(\$3,078,896)
> Additional funding for Urban-Rural Initiative Program	\$5,568,581	\$4,968,385
> Elimination of fuel tax indexing in FY 13	\$0	\$5,266,227
> Funding for Highway and Bridge Capital	\$1,000,000	\$1,500,000
> Funding for Highway and Bridge Light Capital	\$19,322,250	\$16,088,362
> Funding for debt services costs above baseline	\$919,824	\$723,297
> Transfer to Transcap Trust Fund based on State Police savings	\$5,300,052	\$5,419,451
> Miscellaneous other net adjustments to Baseline Budget	\$4,017,187	\$5,220,730

Notes:

¹ Based on all legislative changes through the 124th Legislature, the December 2010 and May 2011 Revenue Forecasts, the Emergency FY 11 Highway Fund Supplemental Budget Bill (LD 576, PL 2011, c. 20) and the 2012-2013 Highway Fund Unified Biennial Budget Bill (LD 1348 as amended).

FUND FOR A HEALTHY MAINE (FHM) STATUS

Based on 2012-2013 Biennial Budget (LD 1043 as Amended) ¹

	FY 11	FY 12	FY 13
<u>FHM RESOURCES:</u>			
Revenue:			
December 2010 Base Revenue Estimate	\$52,794,093	\$53,459,128	\$54,592,171
May 2011 Revenue Revision	\$1,592,106	\$2,336	(\$238,344)
2012-2013 Biennial Budget (LD 1043 as Amended)	\$0	\$161,786	(\$685,895)
Subtotal - Revenue	\$54,386,199	\$53,623,250	\$53,667,932
Total FHM Resources	\$54,386,199	\$53,623,250	\$53,667,932
<u>FHM ALLOCATIONS AND OTHER USES:</u> ³			
<u>Transfers</u>			
Transfers through 124th Leg./2012-2013 Biennial Budget	\$1,455,770	\$1,375,000	\$3,240,000
Subtotal - Transfers	\$1,455,770	\$1,375,000	\$3,240,000
<u>Allocations</u>			
Allocations through 124th Leg. / 2012-2013 Baseline	\$59,243,528	\$58,928,332	\$58,997,258
2012-2013 Adjustments to Baseline Budget ²	\$0	(\$8,572,316)	(\$8,570,771)
Subtotal - Allocations	\$59,243,528	\$50,356,016	\$50,426,487
Total Allocations and Other Uses	\$60,699,298	\$51,731,016	\$53,666,487
Net Change (Resources minus Allocations and Other Uses)	(\$6,313,099)	\$1,892,234	\$1,445
BEGINNING BALANCE	\$4,421,147	(\$1,891,952)	\$282
NET CHANGE (FROM ABOVE)	(\$6,313,099)	\$1,892,234	\$1,445
ENDING BALANCE ⁴	(\$1,891,952)	\$282	\$1,727

Summary of Major Changes

	FY 12	FY 13
> Reduces funding to reflect a redistribution of funding and the reduction of revenue available in the Fund for a Healthy Maine.	(\$8,168,936)	(\$8,168,936)
> Eliminates/Transfers 10 positions and related All Other to reflect a redistribution of funding and the reduction of revenue available in the Fund for a Healthy Maine.	(\$821,532)	(\$849,742)
> Provides funding to reimburse those public schools that are providing breakfast for the cost of providing free breakfast to eligible students.	\$61,652	\$61,652
> Adjusts funding for Medicaid services as the result of a decrease of the Federal Medical Assistance Percentage.	\$356,500	\$386,255

Notes:

¹ Based on all legislative changes through the 124th Legislature, the December 2010 and May 2011 Revenue Forecasts, the Emergency FY 11 Supplemental Budget Bills (LD 100, PL 2011, c. 1 and LD 1372, PL 2011, c. 28) and the 2012-2013 Biennial Budget Bill (LD 1043 as amended).

² See **Appendix F** for side-by-side comparison of Governor's proposals and LD 1043 as amended and see separate OFPR document for an overview of the Emergency FY 11 Supplemental Budget, PL 2011, c. 1.

³ For the purposes of this summary, transfers out are treated as an expenditure/use and are positive amounts, while transfers in are negative amounts.

⁴ PL 2011, c. 1, Part G allows the State Controller to transfer up to \$3,500,000 in FY 11 from Other Special Revenue Funds to the Fund for a Healthy Maine to help meet obligations of the Fund for a Healthy Maine for FY 11 and requires the State Controller to transfer the funds advanced to the Fund for a Healthy Maine back to Other Special Revenue Funds as repayment with interest on July 1, 2011.

2012-2013 Biennial Budget Bills as Amended Property Tax and Local Government Impacts

Department/Program	FY12 Funding Increase (Decrease) Millions of \$'s	FY13 Funding Increase (Decrease) Millions of \$'s
Administrative and Financial Services		
Maine Residents Property Tax		
> Prorated benefits to 80% for additional 2 program years	(\$10.015)	(\$10.269)
Tree Growth Tax Reimbursement		
> Reduced offsets in municipal education costs increased reimbursement requests	\$2.713	\$2.012
Elderly Tax Deferral Program		
> Number of participants is small and declining, reducing funding needs	(\$0.006)	(\$0.006)
Homestead Property Tax Exemption Reimbursement		
> Prior year adjusted municipal mill rates increases number of exemptions	\$7.422	\$8.042
Mandate BETE -- Reimburse Municipalities		
> Funding reduced to reflect lack of extraordinary municipal claims	(\$0.025)	(\$0.025)
Veterans' Organization Tax Reimbursement		
> Funding reduced because new reimbursement claims remain low	(\$0.293)	(\$0.288)
Veterans Tax Reimbursement		
> Funding reduced due to declining mill rates and fewer qualifying veterans	(\$0.020)	\$0.030
Corrections		
Department of Corrections		
> Provides funding for wastewater treatment charges by municipal sanitary districts	\$0.275	\$0.291
State Board of Corrections		
> Provides \$3,500,000 a year to support county jail costs	\$3.500	\$3.500
Education		
General Purpose Aid for Local Schools		
> Reduction from State Share at 55% to Baseline Appropriations	(\$118.393)	(\$136.706)
> Net Reduction below Baseline (see appendix A)	(\$55.276)	(\$36.137)
Transportation		
Urban Rural Initiative Program		
> Adjusts funding at the correct proportioned rate based on Highway Fund allocations to the Department of Transportation	\$5.569	\$4.968
Maintenance and Operations		
> Provides funding to reimburse municipalities for Priority 3 and Priority 4 sand and salt building projects	\$0.833	\$0.000
Island Town Refunds - Highway		
> Repeals the provision of law that required 75% of motor vehicle registration fees from inhabitants of certain island towns be spent on roads within those towns	(\$0.110)	(\$0.110)
Treasurer of State		
Municipal Revenue Sharing		
> Continuation of fixed dollar amount transfers back to General Fund	(\$40.351)	(\$44.267)
> Reductions to revenue sharing transfers from income and sales tax reductions	(\$2.062)	(\$4.356)

**2012-2013 BUDGET
SUMMARY OF POSITION CHANGES**

<u>Fund</u>	<u>Total Authorized Positions - Prior to 125th Legislature</u>	<u>Baseline Budget Administrative Adjustments¹</u>	<u>Proposed Baseline Budget Changes²</u>	<u>Total Authorized Positions - Governor's Proposals</u>
General Fund	5,915.493	(11.465)	(50.454)	5,853.574
Highway Fund	2,326.919	(4.000)	(52.846)	2,270.073
Federal Expenditures Fund	1,604.273	(12.115)	(85.237)	1,506.921
Fund for a Healthy Maine	19.500	0.000	(10.000)	9.500
Other Special Revenue Fund	2,458.753	(4.156)	(33.317)	2,421.280
Federal Block Grant	124.500	0.000	(4.000)	120.500
Other Funds	1,295.815	(9.614)	(25.382)	1,260.819
Total Change of Authorized Positions	13,745.253	(41.350)	(261.236)	13,442.667

Notes:

¹ Reflects administrative adjustments made pursuant to 5 MRSA §1583-A, sub-§3, which authorizes the Governor and the State Budget Officer to adjust positions when preparing the next budget to reflect the number of limited-period positions that, in their opinion, are necessary to the proper operation of each department, institution or agency.

² Reflects the Governor's proposed position adjustments contained in the 2012-2013 Biennium Unified Budget Bill (LD 1043 as amended by the May 2011 Change Package) and the 2012-2013 Highway Fund Budget Bill.

APPENDIX A

GENERAL FUND APPROPRIATIONS BY MAJOR CATEGORIES

General Fund Appropriations - Summary	A-1
General Purpose Aid for Local Schools	A-2
MaineCare/Medicaid	A-3
Higher Education	A-5
Teacher Retirement	A-6
Debt Service	A-7
Personal Services	A-8
Other Non-Personal Services Appropriations	A-9

NOT YET AVAILABLE

Appendix B - Tax and Fee Changes Affecting State and Local Tax Burden

Revenue Effects of 2012-2013 Biennial Budget Bills (LD 1043 and LD 1348 as Amended)

General Fund Revenue Summary

Revenue Projections - Based on May 2011 Revenue Forecast

	FY09 Actual	FY10 Actual	FY11	FY12	FY13	FY14	FY15
Revised Forecast	\$2,811,368,295	\$2,755,682,500	\$2,896,064,524	\$2,940,553,525	\$3,053,777,278	\$3,203,915,829	\$3,341,880,689
Annual % Growth	-9.0%	-2.0%	5.1%	1.5%	3.9%	4.9%	4.3%

Impact of Revenue Changes in Biennial Budget Bills

Net Revenue Change - Gross Tax Changes		\$0	(\$47,779,562)	(\$92,400,985)	(\$189,791,075)	(\$208,812,534)
General Fund Revenue - Impact of Gross Tax and Fee Changes		\$2,896,064,524	\$2,892,773,963	\$2,961,376,293	\$3,014,124,754	\$3,133,068,155
Annual % Growth			-0.1%	2.4%	1.8%	3.9%

Net Revenue Change - General Fund Impact of Revenue Sharing Changes		\$0	\$42,412,863	\$48,623,474	\$7,851,383	\$8,974,746
General Fund Revenue - Gross Tax and Fee and Revenue Sharing		\$2,896,064,524	\$2,935,186,826	\$3,009,999,767	\$3,021,976,137	\$3,142,042,901
Annual % Growth			1.4%	2.5%	0.4%	4.0%

Net Revenue Change - Other Revenue Changes		\$0	\$10,206,543	\$30,083,330	(\$1,112,863)	(\$1,150,952)
General Fund Revenue with Biennial Budget Bills as Amended		\$2,896,064,524	\$2,945,393,369	\$3,040,083,097	\$3,020,863,274	\$3,140,891,949
Annual % Growth			1.7%	3.2%	-0.6%	4.0%

Highway Fund Revenue Summary

Revenue Projections - Based on May 2011 Revenue Forecast

	FY09 Actual	FY10 Actual	FY11	FY12	FY13	FY14	FY15
Revised Forecast	\$324,242,149	\$311,190,374	\$308,289,133	\$316,357,440	\$323,634,251	\$329,192,734	\$333,862,362
Annual % Growth	-9.0%	-4.0%	-0.9%	2.6%	2.3%	1.7%	1.4%

Impact of Revenue Changes in Biennial Budget Bills

Net Highway Fund Revenue Change		\$0	\$0	(\$5,266,227)	(\$9,741,350)	(\$14,253,011)
Highway Fund Revenue with Biennial Budget Bills as Amended		\$308,289,133	\$316,357,440	\$318,368,024	\$319,451,384	\$319,609,351
Annual % Growth			2.6%	0.6%	0.3%	0.0%

Fund for a Healthy Maine (FHM) Revenue Summary

Revenue Projections - Based on May 2011 Revenue Forecast

	FY09 Actual	FY10 Actual	FY11	FY12	FY13	FY14	FY15
Revised Forecast	\$68,409,736	\$57,560,142	\$54,386,199	\$53,461,464	\$54,353,827	\$60,215,642	\$59,881,472
Annual % Growth	-9.0%	-15.9%	-5.5%	-1.7%	1.7%	10.8%	-0.6%

Impact of Revenue Changes in Biennial Budget Bills

Net Fund for a Healthy Maine Revenue Changes		\$0	\$161,786	(\$685,895)	\$167,956	\$171,315
Tota FHM Revenue with Biennial Budget Bills as Amended		\$54,386,199	\$53,623,250	\$53,667,932	\$60,383,598	\$60,052,787
Annual % Growth			-1.4%	0.1%	12.5%	-0.5%

Appendix B - Tax and Fee Changes Affecting State and Local Tax Burden

Description of Tax or Fee Change	Law/Bill Reference	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Sales and Use Tax					
Reduces the amount of penalties imposed for failure to file a tax return after the taxpayer receives a formal demand that the return be filed. This Part takes effect October 1, 2011 and applies to penalties accruing on or after October 1, 2011.	LD 1043, Part K	(\$7,875)	(\$10,500)	(\$10,500)	(\$10,500)
Exempts from the sales tax certain meals provided to residents of full-service retirement facilities and applies the exemption retroactively to tax periods beginning on or after January 1, 2010.	LD 1043, Part DDDD	(\$1,368,000)	(\$566,500)	(\$583,495)	(\$601,000)
Requires the refund of sales tax on purchases of fuel for use in a commercial fishing vessel and permits the issuance of a certificate permitting the purchases of such fuel without paying sales tax if the purchaser obtains a certificate verifying eligibility from the State Tax Assessor, effective October 1, 2011.	LD 1043, Part EEEE	(\$385,000)	(\$561,000)	(\$572,220)	(\$583,664)
Exempts from sales tax plastic bags used by redemption centers to sort, store or transport returnable beverage containers retroactive to January 1, 2004.	LD 1043, Part FFFF	(\$236,900)	(\$28,738)	(\$30,031)	(\$31,382)
Expands the current exemption from sales and use tax for aircraft to apply to all aircraft, regardless of weight or the state of residency of the purchaser. It also expands the exemption to include sales of repair and replacement parts used exclusively in aircraft and in the overhauling and rebuilding of aircraft. The expansion of the exemptions applies from July 1, 2011 to June 30, 2015.	LD 1043, Part GGGG	(\$608,400)	(\$608,400)	(\$626,652)	(\$650,465)
Individual Income Tax					
> Reduces the amount of penalties imposed for failure to file a tax return after the taxpayer receives a formal demand that the return be filed. This Part takes effect October 1, 2011 and applies to penalties accruing on or after October 1, 2011.	LD 1043, Part K	(\$101,250)	(\$135,000)	(\$135,000)	(\$135,000)
> Establishes new individual income tax rate schedules that contain a 6.5% rate bracket for tax years beginning on or after January 1, 2013 and reduce the 8.5% rate bracket to 7.95% for tax years beginning on or after January 1, 2013, conform personal exemptions to federal law starting January 1, 2013, conform standard deductions to federal law and eliminate tax additions starting January 1, 2012, reduce the applicable percentage for calculating additional Maine taxes for lump-sum retirement distributions and early distributions from retirement plans from 15% to 7.5% for tax years beginning in 2012 and repeal the tax for tax years beginning after 2012, and repeal the exclusion of mortgage premiums from Maine itemized deductions and eliminate the alternative tax on individuals.	LD 1043, Part N	(\$9,750,000)	(\$78,788,000)	(\$166,378,000)	(\$175,944,000)
> Repeals the income tax addition modifications related to the federal Section 179 business expensing thresholds for tax years beginning on or after January 1, 2011.	LD 1043, Part O	(\$6,061,440)	(\$1,739,372)	\$1,433,675	\$1,212,206

Appendix B - Tax and Fee Changes Affecting State and Local Tax Burden

Individual Income Tax (continued)

Provides a credit equal to 10% of the federal bonus depreciation on property placed in service in Maine during tax years beginning in 2011 and 2012, excluding certain utility and telecommunications property. The credit is limited to the tax liability of the taxpayer and any unused portion may be carried forward up to 20 years. The credit is recaptured if the underlying property is not utilized in Maine for the 12-month period following the date the property is placed in service.

LD 1043, (\$9,118,232) (\$1,245,360) \$1,934,179 \$1,388,899
Part O

Enacts the Maine New Markets Capital Investment Program.

LD 1043, \$0 \$0 \$0 (\$5,040,000)
Part Q

Provides new minimum taxability thresholds for nonresidents to permit greater income-earning activity by nonresidents in the State before Maine income tax liability is triggered. Also excludes from the determination of taxability in the State up to 24 days of personal services related to certain training, management functions, equipment upgrades and new investment.

LD 1043, (\$3,098,000) (\$2,503,000) (\$2,692,000) (\$2,841,000)
Part CCCC

Provides an income tax credit for investment in or contributions to eligible public fishery infrastructure projects in the State. Eligible projects must be certified by the Department of Inland Fisheries and Wildlife, which is required to adopt rules for determination of eligibility. Tax certificates may be issued for up to \$5,000,000 per project. Credits must be taken in increments of 25% over 4 years and may not exceed 50% of the total tax imposed on the investor for the taxable year before application of the credit. Unused credits may be carried forward for up to 15 years. The credit applies to both freshwater and saltwater fisheries. The provisions require the Department of Inland Fisheries and Wildlife to coordinate with the Department of Marine Resources in the certification of eligible projects.

LD 1043, (\$11,250) (\$55,000) (\$95,000) (\$135,000)
Part HHHH

Corporate Income Tax

Reduces the amount of penalties imposed for failure to file a tax return after the taxpayer receives a formal demand that the return be filed. This Part takes effect October 1, 2011 and applies to penalties accruing on or after October 1, 2011.

LD 1043, (\$3,375) (\$4,500) (\$4,500) (\$4,500)
Part K

> Repeals the income tax addition modifications related to the federal Section 179 business expensing thresholds for tax years beginning on or after January 1, 2011.

LD 1043, (\$1,515,360) (\$434,843) \$358,419 \$303,052
Part O

Provides a credit equal to 10% of the federal bonus depreciation on property placed in service in Maine during tax years beginning in 2011 and 2012, excluding certain utility and telecommunications property. The credit is limited to the tax liability of the taxpayer and any unused portion may be carried forward up to 20 years. The credit is recaptured if the underlying property is not utilized in Maine for the 12-month period following the date the property is placed in service.

LD 1043, (\$15,576,980) (\$5,770,772) \$1,329,265 \$2,074,400
Part O

Enacts the Maine New Markets Capital Investment Program.

LD 1043, \$0 \$0 \$0 (\$560,000)
Part Q

Appendix B - Tax and Fee Changes Affecting State and Local Tax Burden

Estate Tax

> For estates of decedents dying after December 31, 2012, change the exemption from \$1 million to \$2 million and establish a progressive rate structure of 8% for the taxable estate between \$2 million and \$5 million, 10% for the taxable estate between \$5 million and \$8 million, and 12% for the taxable estate exceeding \$8 million. For estates of decedents dying on or after January 1, 2011, provide conformance with federal law with respect to the treatment of qualified terminable interest property. Also clarifies provisions related to the estates of nonresidents.	LD 1043, Part M	(\$137,500)	(\$150,000)	(\$23,919,215)	(\$27,454,580)
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Fuel Taxes

Eliminating annual indexing of fuel tax rates effective January 1, 2012. (Special Fuel Tax - Gross Tax Effect, All Funds)	LD 1348, Part C	\$0	(\$1,140,000)	(\$2,000,000)	(\$2,880,000)
Eliminating annual indexing of fuel tax rates effective January 1, 2012. (Gasoline Tax - Gross Tax Effect, All Funds)	LD 1348, Part C	\$0	(\$4,670,000)	(\$8,750,000)	(\$12,850,000)

Dirigo Health - Access Payments

> Reduces the access payments made to support the cost of the Dirigo Health Agency from 2.14% to 1.87% on July 1, 2011, to 1.64% on July 1, 2012, to 1.14% on July 1, 2013 and eliminates the access payment effective January 1, 2014.	LD 1043, Part BBB	(\$5,496,637)	(\$10,529,590)	(\$34,201,823)	(\$45,058,246)
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Other Taxes and Fees - Department of Health and Human Services

Revenue from the establishment of a fee to fund the administrative and other operating costs of the Maine Rx Plus Program	LD 1043, Part SS	\$135,315	\$135,315	\$135,315	\$135,315
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Total Impact of Tax and Fee Changes

(\$53,340,884)	(\$114,615,261)	(\$245,557,584)	(\$285,395,466)
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Items affecting local property tax incidence, but not included in State and Local Tax Burden calculations:

Maine Residents Property Tax Program (Circuitbreaker or Tax and Rent Refund program)

> Amends the Circuitbreaker program to limit the amount of the benefit to 80% of the amount that would otherwise be available in 2012 and 2013.	LD 1043, Part P	\$10,015,329	\$10,268,761	\$0	\$0
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Appendix C - Analysis of General Fund Appropriation Growth

General Fund Appropriations without Adjustments

	FY10	FY11	FY12	FY13
Appropriations (124th Final / 125th Baseline)	\$2,849,227,923	\$2,711,570,823	\$3,027,086,219	\$3,046,057,503
125th Legislature Adjustments *		\$161,183,349	\$11,552,303	(\$48,832,707)
Final Appropriations	\$2,849,227,923	\$2,872,754,172	\$3,038,638,522	\$2,997,224,796
Annual Growth Rate		0.8%	5.8%	-1.4%
Biennial Totals	\$5,721,982,095		\$6,035,863,318	
Biennial Growth Rate	5.5%			

General Fund Appropriations Adjusting for One-time Federal Stimulus Savings

Equalizing Adjustments:	FY10	FY11	FY12	FY13
Deappropriations related to one-time Federal Stimulus **	\$197,942,023	\$182,853,726	\$0	\$0
125th Legislature's FMAP Appropriation Adjustment **	\$0	(\$32,431,379)	\$0	\$0
Final Adjusted Appropriations	\$3,047,169,946	\$3,023,176,519	\$3,038,638,522	\$2,997,224,796
Annual Growth Rate		-0.8%	0.5%	-1.4%
Biennial Totals	\$6,070,346,465		\$6,035,863,318	
Biennial Growth Rate	-0.6%			

* Reflects the 2 Emergency FY 11 Supplemental Budgets (PL 2011, c. 1 and c. 28) and the Biennial Budget Bill (LD 1043 as amended)

** Additional detail on Federal Stimulus Savings on next page

American Recovery and Reinvestment Act of 2009 (ARRA)
One-time General Fund Savings from Federal Stimulus/ARRA Funds

	FY 09	FY 10	FY 11
State Fiscal Stabilization Funds			
Department of Education			
General Purpose Aid for Local Schools	\$27,046,649	\$42,996,116	\$58,759,112
Higher Educational Institutions			
Maine Maritime Academy	\$586,323	\$414,964	\$414,964
Maine Community College System	\$4,129,530	\$1,791,041	\$1,791,041
University of Maine System	\$8,407,434	\$5,956,578	\$5,956,578
Other			
MaineCare	\$22,240,700	\$9,794,031	\$0
Deappropriations - State Fiscal Stabilization Funds	\$62,410,636	\$60,952,730	\$66,921,695
Federal Medical Assistance Percentage (FMAP) Increase			
Deappropriations (124th Leg. Biennial Budget)	\$124,971,221	\$189,264,048	\$95,555,272
Deappropriations from FHM Savings (124th Leg. Biennial Budget)	\$1,560,738	\$2,627,063	\$1,328,360
Deappropriations (124th Leg. Supplemental)	\$0	\$6,050,912	\$85,970,094
Appropriations (125th Leg. Emergency FY11 Supplemental)	\$0	\$0	(\$32,431,379)
Total FMAP Net Deappropriations	\$126,531,959	\$197,942,023	\$150,422,347
Total Deappropriations from Federal Stimulus	\$188,942,595	\$258,894,753	\$217,344,042

Appendix D - Retiree and Employee Benefit Changes

Retirement/Pension Initiatives

Normal Retirement Age (Part T)

Accepts Governor's proposal to change the normal retirement age for participants who have not vested by July 1, 2011 to age 65. This provision does not apply to special plan members.

Retirement Incentive (Part Z)

Accepts Governor's proposal to provide a one-time "retirement incentive" for Executive Branch employees, except those on special plans, who meet age and service time requirements.

Return to Work (Part MMM)

Accepts Governor's proposal regarding retirees who have reached normal retirement age returning to State service on or after July 1, 2011. The proposal provides that retirees who have reached normal retirement age may not return to service for at least 30 calendar days after retiring, may work for a maximum of 5 years and must be paid 75% of the salary of the position that the retiree is hired to fill.

Cost-of-Living Adjustment (Part T)

Amends Governor's proposal to cap cost-of living-adjustment (COLA) for all retirees @ 2% after a 3-year freeze, instead caps the cost-of-living adjustment at 3% of first \$20K of retirement pension (indexed), after 3 year freeze. The remaining portion of the pension that is greater than \$20K is not eligible for a COLA.

Potential non-cumulative cost-of-living benefit (Part X)

Provides for a potential non-cumulative cost-of-living adjustment over 3-year period on first \$20K of retirement pension if resources available from year-end "cascade".

Work group to design new benefit plan for future employees (Part U)

Establishes a working group to develop an implementation plan designed to close the current defined benefit retirement plan for all state employees and teachers and replace it with a retirement benefit plan, supplemental to Social Security, that applies to all state employees and teachers who are first hired after June 30, 2015 with no prior creditable service.

Employee retirement contribution

Rejects Governor's proposal to increase normal cost contribution of State employees and teachers by 2%.

Solemn contractual commitment

Rejects Governor's proposal to repeal solemn contractual commitment language.

Appendix D - Retiree and Employee Benefit Changes

Health Insurance

10-year vesting period for retiree health benefits (Parts V and W)

Accepts Governor's proposal that requires state employees and teachers first hired after July 1, 2011 have at least 10 years of participation in the State's group health plan to qualify for a retiree health benefit. Does not apply to individuals receiving disability retirement benefits.

Cap on health insurance premiums (Part V and W)

Accepts the Governor's proposal to cap the State's cost for health insurance premiums for active and retired state employees and retired teachers for the biennium at FY 11 levels, but rejects the cap on increases in subsequent years to 4%. Also, adds language requiring Executive Director of Employee Health and Benefits to develop a plan to constrain health insurance premium growth in the future.

Contribution to health insurance if employee retires early (Part V and W)

Accepts the Governor's proposal that requires State employees who retire after January 1, 2012 and teachers who retire after July 1, 2012 to pay 100% of health insurance premiums until the member reaches normal retirement age. Does not apply to individuals receiving disability retirement benefits.

Irrevocable Trust for teachers and first responders (Part Y)

Establishes Other Post Employment Benefits irrevocable trust language for teachers and first responders.

Medicare eligible teachers to state health insurance plan (Part W)

Removes provision in Governor's proposed budget that requires Medicare eligible teachers to be put on State's health insurance plan and instead requires the Executive Director of Employee Health and Benefits to develop an implementation plan to bring Medicare-eligible teachers into the state retiree group health plan.

Retiree contribution to health insurance premiums

Rejects the requirement in the Governor's budget to have retirees pay a portion of their health insurance premiums.

Other State Employee Benefit Changes

Merit Increases

Accepts the Governor's proposal to suspend merit increases for state employees through the end of fiscal year 2012-13.

Longevity Payments

Amends the Governor's proposal, which suspended longevity payments for the 2012-2013 biennium, with a suspension of any new longevity payments. Payments are fixed at fiscal year 2010-11 amounts with no newly eligible employees receiving payments and no increases in the level of longevity payments.

Appendix E
LD's Related to Initiatives Included in Budget Bills
125th Legislature, 1st Regular Session

LD #	Committee	Bill Title	Budget Bill Reference
6	TAX	An Act To Provide a Sales Tax Exemption for Bags Provided by Redemption Centers for Returnable Containers	LD 1043 , FFFF
21	TAX	An Act To Exempt from the Sales Tax Meals Provided at Retirement Facilities	LD 1043 , DDDD
141	AFA	An Act To Increase the Retirement Age for New State Employees to 65 Years of Age	LD 1043, T
185	TAX	An Act To Refund the Sales Tax Paid on Fuel Used in Commercial Fishing Vessels	LD 1043 , EEEE
383	TRA	An Act To Eliminate the Annual Indexing of Fuel Tax Rates	LD 1348, Part C
421	TAX	An Act To Create the Maine Fishery Infrastructure Tax Credit Program	LD 1043, HHHH
460	SLG	An Act To Require Executive Orders To Be Published Online	LD 1043, III
474	TAX	An Act To Reduce the Property Tax Burden and Improve the Circuitbreaker Program	LD 1043, Part P
597	TRA	An Act To Provide Funding for the State Transit, Aviation and Rail Transportation Fund	LD 1043, G
836	TAX	An Act To Repeal the Alternative Minimum Tax	LD 1043, Part N Sections 12, 13 & 14
849	TAX	An Act To Provide Tax Relief for Maine's Citizens by Reducing Income Taxes	LD 1043, Part N Sections 1-6 & 17-18
898	TAX	An Act To Reform the Maine Estate Tax	LD 1043, M
940	SLG	An Act To Increase Access to State Rule-making Notices	LD 1043, NNN
946	TAX	An Act To Amend the Sales and Use Tax Exemption for an Aircraft Purchased Outside of Maine by Nonresidents	LD 1043, GGGG
991	TAX	An Act To Establish the Maine New Markets Capital Investment Program	LD 1043, Q
1133	AFA	An Act To Reform the Maine Public Employees Retirement System	LD 1043, T
1137	TAX	An Act To Conform Business Expense Deductions to Federal Law	LD 1043, Part O Section 1 and 9
1147	TAX	An Act To Conform Maine's Estate Tax to the Federal Estate Tax	LD 1043, M
1440	TAX	An Act To Amend the Nonresident Income Tax Filing Requirements	LD 1043, CCCC
1511	HHS	An Act To Impose a Lifetime Maximum on the Receipt of Welfare Benefits	LD 1043, PP

Appendix F - Fund for a Healthy Maine Details

Major Changes Proposed in 2012-2013 Biennial Budget:

	<u>Governor's Proposal</u>		<u>AFA Committee Amendment</u>	
	<u>FY 12</u>	<u>FY 13</u>	<u>FY 12</u>	<u>FY 13</u>
> Provides funding to reflect a redistribution of funding within the Fund for a Healthy Maine to the FHM - Medical Care, MaineCare seed	\$17,702,706	\$17,666,348	\$0	\$0
> Reduces funding to reflect a redistribution of funding and the reduction of resources in the FHM - Drugs for the Elderly And Disabled program.	(\$7,434,230)	(\$7,434,230)	\$0	\$0
> Reduces funding to reflect a redistribution of funding and the reduction of revenue available in the Fund for a Healthy Maine.	(\$15,172,514)	(\$15,172,514)	(\$8,168,936)	(\$8,168,936)
<i>Details:</i>				
<i>FHM - Dirigo Health Z070</i>	(\$4,291,311)	(\$4,291,311)	(\$3,129,664)	(\$3,129,664)
<i>FHM - Substance Abuse 0948</i>	(\$4,348,306)	(\$4,348,306)	(\$2,500,000)	(\$2,500,000)
<i>FHM - Bureau of Health - Oral Health 0953</i>	(\$878,652)	(\$878,652)	(\$278,652)	(\$278,652)
<i>FHM - Bureau of Health - Home Visitation 0953</i>	(\$4,653,383)	(\$4,653,383)	(\$2,000,000)	(\$2,000,000)
<i>FHM - Family Planning 0956</i>	(\$401,430)	(\$401,430)	\$0	\$0
<i>FHM - Donated Dental</i>	(\$36,463)	(\$36,463)	\$0	\$0
<i>FHM - Health Education Centers 0950</i>	(\$100,353)	(\$100,353)	\$0	\$0
<i>FHM - Dental Education 0951</i>	(\$237,740)	(\$237,740)	\$0	\$0
<i>FHM - Quality Child Care 0952</i>	(\$143,629)	(\$143,629)	(\$143,629)	(\$143,629)
<i>FHM - Bone Marrow Screening 0962</i>	(\$80,218)	(\$80,218)	(\$80,218)	(\$80,218)
<i>FHM - Bureau of Medical Services 0955</i>	(\$1,029)	(\$1,029)	(\$1,029)	(\$1,029)
<i>FHM - Attorney General 0947</i>	\$0	\$0	(\$35,744)	(\$35,744)
> Eliminates/Transfers 10 positions and related All Other to reflect a redistribution of funding and the reduction of revenue available in the Fund for a Healthy Maine.	(\$821,532)	(\$849,742)	(\$821,532)	(\$849,742)
> Provides funding to reimburse those public schools that are providing breakfast for the cost of providing free breakfast to eligible students.	\$61,652	\$61,652	\$61,652	\$61,652
> Adjusts funding for Medicaid services as the result of a decrease of the Federal Medical Assistance Percentage.	\$356,500	\$386,255	\$356,500	\$386,255
Total Adjustments to Allocations	(\$5,307,418)	(\$5,342,231)	(\$8,572,316)	(\$8,570,771)
Transfers to the General Fund	\$0	\$0	\$1,375,000	\$3,240,000

Appendix G - Municipal Revenue Sharing

Municipal Revenue Sharing Based on Current Law with May 2011 Revenue Revisions

	FY11	FY12	FY13	FY14	FY15
2702 INDIVIDUAL INCOME TAX TRANSFER	(\$69,189,665)	(\$73,196,075)	(\$76,216,955)	(\$80,104,610)	(\$84,594,677)
2703 CORPORATE INCOME TAX TRANSFER	(\$9,815,210)	(\$9,842,414)	(\$10,342,824)	(\$11,796,158)	(\$12,667,974)
2704 SALES TAX TRANS/REV SHARING TRANSFER	(\$45,747,747)	(\$47,544,452)	(\$49,628,981)	(\$51,689,023)	(\$53,597,126)
2738 SERVICE PROVIDER TAX TRANSFER	(\$2,823,046)	(\$2,829,922)	(\$2,934,714)	(\$3,071,007)	(\$3,180,170)
LGF Total 5% of Prior Months Sales and Income Tax Collections	(\$127,575,668)	(\$133,412,863)	(\$139,123,474)	(\$146,660,798)	(\$154,039,947)
2727 FIXED TRANSFER FROM LOCAL GOVERNMENT FUND	\$38,145,323	\$0	\$0	\$0	\$0
2744 FIXED TRANSFER TO DISPRO TAX BURDEN FUND	(\$2,500,000)	(\$3,000,000)	(\$3,500,000)	(\$4,000,000)	(\$4,000,000)
Net General Fund Transfers for Revenue Sharing	<u>(\$91,930,345)</u>	<u>(\$136,412,863)</u>	<u>(\$142,623,474)</u>	<u>(\$150,660,798)</u>	<u>(\$158,039,947)</u>
Disproportionate Tax Burden Fund (Revenue Sharing II) % Share	16.0%	17.0%	18.0%	19.0%	20.0%
Disproportionate Tax Burden Fund (Revenue Sharing II) \$ Share	\$16,808,855	\$25,680,187	\$28,542,225	\$31,865,552	\$34,807,989
Local Government Fund (LGF) - Revenue Sharing I Share	\$75,121,490	\$110,732,676	\$114,081,249	\$118,795,246	\$123,231,958

Municipal Revenue Sharing Based on 2012-2013 Biennial Budget Bill (LD 1043 as Amended)

	FY11	FY12	FY13	FY14	FY15
2702 INDIVIDUAL INCOME TAX TRANSFER	(\$69,189,665)	(\$71,967,345)	(\$72,348,173)	(\$72,318,029)	(\$75,622,868)
2703 CORPORATE INCOME TAX TRANSFER	(\$9,815,210)	(\$9,115,540)	(\$9,951,181)	(\$11,821,548)	(\$12,757,877)
2704 SALES TAX TRANS/REV SHARING TRANSFER	(\$45,747,747)	(\$47,437,831)	(\$49,533,275)	(\$51,598,831)	(\$53,504,286)
2738 SERVICE PROVIDER TAX TRANSFER	(\$2,823,046)	(\$2,829,922)	(\$2,934,714)	(\$3,071,007)	(\$3,180,170)
LGF Total 5% of Prior Months Sales and Income Tax Collections	(\$127,575,668)	(\$131,350,638)	(\$134,767,343)	(\$138,809,415)	(\$145,065,201)
2727 FIXED TRANSFER FROM LOCAL GOVERNMENT FUND	\$38,145,323	\$40,350,638	\$44,267,343	\$0	\$0
2744 FIXED TRANSFER TO DISPRO TAX BURDEN FUND	(\$2,500,000)	(\$3,000,000)	(\$3,500,000)	(\$4,000,000)	(\$4,000,000)
Net General Fund Transfers for Revenue Sharing	<u>(\$91,930,345)</u>	<u>(\$94,000,000)</u>	<u>(\$94,000,000)</u>	<u>(\$142,809,415)</u>	<u>(\$149,065,201)</u>
Disproportionate Tax Burden Fund (Revenue Sharing II) % Share	16.0%	17.0%	18.0%	19.0%	20.0%
Disproportionate Tax Burden Fund (Revenue Sharing II) \$ Share	\$16,808,855	\$18,470,000	\$19,790,000	\$30,373,789	\$33,013,040
Local Government Fund (LGF) - Revenue Sharing I Share	\$75,121,490	\$75,530,000	\$74,210,000	\$112,435,626	\$116,052,161
Net Change to Revenue Sharing Distributions:					
Net Increase (Decrease) Dispro. Tax Burden Fund (Rev. Sharing II)	\$0	(\$7,210,187)	(\$8,752,225)	(\$1,491,763)	(\$1,794,949)
Net Increase (Decrease) Local Government Fund (Revenue Sharing I)	\$0	(\$35,202,676)	(\$39,871,249)	(\$6,359,620)	(\$7,179,797)
Total Increase (Decrease) in Revenue Sharing Distributions	<u>\$0</u>	<u>(\$42,412,863)</u>	<u>(\$48,623,474)</u>	<u>(\$7,851,383)</u>	<u>(\$8,974,746)</u>
Governor's Proposal for Revenue Sharing Excluding Sales and Income Tax Changes					
Elimination of 5% transfer - Revised for May 2011 Rev. Forecast		\$136,412,863	\$142,623,474	\$150,660,798	\$158,039,947
Tourism Marketing Fund Effect			(\$508,500)	(\$533,000)	(\$559,525)
STAR Transportation Fund Effect			(\$164,737)	(\$166,316)	(\$167,895)
- Net General Fund Revenue Increase		\$136,412,863	\$141,950,237	\$149,961,482	\$157,312,527
Less General Fund Appropriation for Revenue Sharing		\$94,000,000	\$94,000,000	\$94,000,000	\$94,000,000
Net General Fund Cost (Savings) - Governor's Proposals		<u>(\$42,412,863)</u>	<u>(\$47,950,237)</u>	<u>(\$55,961,482)</u>	<u>(\$63,312,527)</u>
Net General Fund Cost (Savings)		\$0	(\$673,237)	\$48,110,099	\$54,337,781

Appendix H - Year-end Closing Transfers/"Cascade" Provisions

At the close of each fiscal year, the amount of the available General Fund balance in the unappropriated surplus account is distributed based on statutory provisions. Those provisions for the current and upcoming fiscal years are summarized below. The balance "available" for distribution is only the amount above the budgeted General Fund ending balance for the fiscal year being closed. That budgeted balance is considered "committed" because it is a budgeted resource that was considered by the Legislature when making its budget decisions. The primary sources of the "available" amounts for the "Cascade" distributions are actual revenue above the budgeted amounts and any unexpended General Fund appropriation balances that lapse to the unappropriated surplus that are unbudgeted.

Fiscal Year 2010-11 Closing Transfers/"Cascade"

Fixed Dollar Transfers

- Replenish Contingent Account up to \$350,000 (5 MRSA §1507)
- Transfer to Loan Insurance Reserve up to \$1,000,000 (5 MRSA §1511)
- Budget Stabilization Fund transfer up to \$25,000,000 (PL 2011, c. 28, I-1)
- Health and Human Services, Bureau of Medical Services up to \$5,000,000 (PL 2011, c. 28, I-2)
- Health Insurance Internal Services Fund up to \$2,500,488 (PL 2001, c. 28, I-3)

% Transfers After Fixed Dollar Transfers (5 MRSA §1536)

Maine Budget Stabilization Fund	35%
Retirement Allowance Fund	20%
Reserve for General Fund Operating Capital	20%
Retiree Health Internal Service Fund	15%
Capital Construction & Improvements Reserve Fund	10%

Fiscal Year 2011-12 Closing Transfers/"Cascade"

Fixed Dollar Transfers

- Replenish Contingent Account up to \$350,000 (5 MRSA §1507)
- Transfer to Loan Insurance Reserve up to \$1,000,000 (5 MRSA §1511)
- Reserve for Retirement Costs up to \$15,000,000 (5 MRSA §1522 added by LD 1043, Part X)
- Health and Human Services, MaineCare for hospitals up to \$25,000,000 (LD 1043, Part QQ)

% Transfers After Fixed Dollar Transfers (5 MRSA §1536)

Maine Budget Stabilization Fund	35%
Retirement Allowance Fund	20%
Reserve for General Fund Operating Capital	20%
Retiree Health Internal Service Fund	15%
Capital Construction & Improvements Reserve Fund	10%

Fiscal Year 2012-13 Closing Transfers/"Cascade"

Fixed Dollar Transfers

- Replenish Contingent Account up to \$350,000 (5 MRSA §1507)
- Transfer to Loan Insurance Reserve up to \$1,000,000 (5 MRSA §1511)
- Reserve for Retirement Costs up to \$15,000,000 (5 MRSA §1522 added by LD 1043, Part X)

% Transfers After Fixed Dollar Transfers (5 MRSA §1536)

Maine Budget Stabilization Fund	35%
Retirement Allowance Fund	20%
Reserve for General Fund Operating Capital	20%
Retiree Health Internal Service Fund	15%
Capital Construction & Improvements Reserve Fund	10%

Appendix I - Maine Budget Stabilization Fund Balances

Budgeted Transfers:

Current Cash Balance in MBSF	\$25,427,310
Additional Budgeted FY11 Transfers	\$3,188,702
One month of additional cash pool earnings	\$2,700
Projected Balance at Close of FY11	<u><u>\$28,618,712</u></u>

Proposed Budgeted Transfers in LD 1043 as Amended:

LD 1043, Part RRR, Section 1 Budgeted FY 12 Transfer from General Fund	\$4,000,000
Part JJJJ	<u>(\$29,700,000)</u>
Ending Balance at the close of FY12 (Budgeted Transfers)	<u><u>\$2,918,712</u></u>

Unbudgeted Potential "FY12 "Cascade" Transfers:

LD 1043, Part RRR, Section 2, Unbudgeted FY 11 Transfer from Unclaimed Property	\$5,000,000
FY11 Cascade 3rd Priority (Up to \$25 million)	<u>\$25,000,000</u>
Potential FY12 Balance in MBSF if unbudgeted transfers occur fully*	<u><u>\$32,918,712</u></u>

* Does not reflect any unbudgeted transfers pursuant to 5 MRSA §1536