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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

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the 90-day period may not terminate until after the beginning of the next fiscal year; and

Whereas, certain obligations and expenses incident to the operation of state departments and institutions will become due and payable immediately; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

PART C

Sec. C-1. 20-A MRSA §15671, sub-§7, ¶A, as amended by PL 2009, c. 571, Pt. E, §17, is further amended to read:

A. The base total calculated pursuant to section 15683, subsection 2 is subject to the following annual targets.

- (1) For fiscal year 2005-06, the target is 84%.
- (2) For fiscal year 2006-07, the target is 90%.
- (3) For fiscal year 2007-08, the target is 95%.
- (4) For fiscal year 2008-09, the target is 97%.
- (5) For fiscal year 2009-10, the target is 97%.
- (6) For fiscal year 2010-11, the target is 97%.

(7) For fiscal year 2011-12 ~~and succeeding years~~, the target is ~~100%~~97%.

(8) For fiscal year 2012-13 and succeeding years, the target is 100%.

Sec. C-2. 20-A MRSA §15671, sub-§7, ¶B, as amended by PL 2011, c. 1, Pt. C, §1, is further amended to read:

B. The annual targets for the state share percentage of the statewide adjusted total cost of the components of essential programs and services are as follows.

(1) For fiscal year 2005-06, the target is 52.6%.

(2) For fiscal year 2006-07, the target is 53.86%.

(3) For fiscal year 2007-08, the target is 53.51%.

(4) For fiscal year 2008-09, the target is 52.52%.

(5) For fiscal year 2009-10, the target is 48.93%.

(6) For fiscal year 2010-11, the target is 45.84%.

(7) For fiscal year 2011-12 ~~and succeeding years~~, the target is ~~55%~~46.19%.

(8) For fiscal year 2012-13 and succeeding years, the target is 55%.

Sec. C-3. 20-A MRSA §15671-A, sub-§2, ¶B, as amended by PL 2011, c. 1, Pt. C, §2, is further amended to read:

B. For property tax years beginning on or after April 1, 2005, the commissioner shall calculate the full-value education mill rate that is required to raise the statewide total local share. The full-value education mill rate is calculated for each fiscal year by dividing the applicable statewide total local share by the applicable statewide valuation. The full-value education mill rate must decline over the period from fiscal year 2005-06 to fiscal year 2008-09 and may not exceed 9.0 mills in fiscal year 2005-06 and may not exceed 8.0 mills in fiscal year 2008-09. The full-value education mill rate must be applied according to section 15688, subsection 3-A, paragraph A to determine a municipality's local cost share expectation. Full-value education mill rates must be derived according to the following schedule.

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(1) For the 2005 property tax year, the full-value education mill rate is the amount necessary to result in a 47.4% statewide total local share in fiscal year 2005-06.

(2) For the 2006 property tax year, the full-value education mill rate is the amount necessary to result in a 46.14% statewide total local share in fiscal year 2006-07.

(3) For the 2007 property tax year, the full-value education mill rate is the amount necessary to result in a 45.56% statewide total local share in fiscal year 2007-08.

(4) For the 2008 property tax year, the full-value education mill rate is the amount necessary to result in a 45.99% statewide total local share in fiscal year 2008-09.

(4-A) For the 2009 property tax year, the full-value education mill rate is the amount necessary to result in a 51.07% statewide total local share in fiscal year 2009-10.

(4-B) For the 2010 property tax year, the full-value education mill rate is the amount necessary to result in a 54.16% statewide total local share in fiscal year 2010-11.

(4-C) For the 2011 property tax year ~~and subsequent tax years~~, the full-value education mill rate is the amount necessary to result in a ~~45.0%~~53.81% statewide total local share in fiscal year 2011-12 ~~and after~~.

(5) For the 2012 property tax year ~~and subsequent tax years~~, the full-value education mill rate is the amount necessary to result in a 45.0% statewide total local share in fiscal year 2012-13 and after.

Sec. C-4. 20-A MRSA §15689, sub-§1-A, as amended by PL 2007, c. 240, Pt. D, §3, is repealed.

Sec. C-5. 20-A MRSA §15689-A, sub-§20 is enacted to read:

20. Center of Excellence for At-risk Students. The commissioner may expend and disburse funds for the Center of Excellence for At-risk Students in accordance with the provisions of chapter 227.

Sec. C-6. Mill expectation. The mill expectation pursuant to the Maine Revised Statutes, Title 20-A, section 15671-A for fiscal year 2011-12 is 7.50.

Sec. C-7. Total cost of funding public education from kindergarten to grade 12. The total cost of funding public education from kindergarten to grade 12 for fiscal year 2011-12 is as follows:

HP0778, LD 1043, item 1, 125th Maine State Legislature
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**2011-12
 TOTAL**

Total Operating Allocation

Total operating allocation pursuant to the Maine Revised Statutes, Title 20-A, section 15683 without transitions percentage	\$1,390,771,314
Total operating allocation pursuant to the Maine Revised Statutes, Title 20-A, section 15683 with 97% transitions percentage	\$1,349,048,174
Total other subsidizable costs pursuant to the Maine Revised Statutes, Title 20-A, section 15681-A	\$413,851,257

Total Operating Allocation

Total operating allocation pursuant to the Maine Revised Statutes, Title 20-A, section 15683 and total other subsidizable costs pursuant to Title 20-A, section 15681-A	\$1,762,899,431
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Total Debt Service Allocation

Total debt service allocation pursuant to the Maine Revised Statutes, Title 20-A, section 15683-A	\$104,575,834
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Total Adjustments and Miscellaneous Costs

Total adjustments and miscellaneous costs pursuant to the Maine Revised Statutes, Title 20-A, sections 15689 and 15689-A	\$69,991,704
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Total Cost of Funding Public Education from Kindergarten to Grade 12

Total cost of funding public education from kindergarten to grade 12 for fiscal year 2011-12 pursuant to the Maine Revised Statutes, Title 20-A, chapter 606-B	\$1,937,466,969
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Sec. C-8. Local and state contributions to total cost of funding public education from kindergarten to grade 12. The local contribution and the state contribution appropriation provided for general purpose aid for local schools for the fiscal year beginning July 1, 2011 and ending June 30, 2012 is calculated as follows:

	2011-12 LOCAL	2011-12 STATE
Local and State Contributions to the Total Cost of Funding Public Education from Kindergarten to Grade 12		
Local and state contributions to the total cost of funding public education from kindergarten to grade 12 pursuant to the Maine Revised Statutes, Title 20-A, section 15683 - subject to statewide distributions required by law	\$1,042,466,969	\$895,000,000

Sec. C-9. Limit of State's obligation. If the State's continued obligation for any individual component contained in those sections of this Part that set the total cost of funding public education from kindergarten to grade 12 and the local and state contributions for that purpose exceeds the level of funding provided for that component, any unexpended balances occurring in other programs may be applied to avoid proration of payments for any individual component. Any unexpended balances from this Part may not lapse but must be carried forward for the same purpose.

Sec. C-10. Authorization of payments. Those sections of this Part that set the total cost of funding public education from kindergarten to grade 12 and the local and state contributions for that purpose may not be construed to require the State to provide payments that exceed the appropriation of funds for general purpose aid for local schools for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

PART D

Sec. D-1. Voluntary employee incentive programs. Notwithstanding the Maine Revised Statutes, Title 5, section 903, subsections 1 and 2, the Commissioner of Administrative and Financial Services shall offer for use prior to July 1, 2013 special voluntary employee incentive programs for state employees, including a 50% workweek option, flexible position staffing and time off without pay. Employee participation in a voluntary employee incentive program is subject to the approval of the employee's appointing authority.

Sec. D-2. Continuation of health insurance. Notwithstanding the Maine Revised Statutes, Title 5, section 285, subsection 7 and Title 5, section 903, the State shall continue to pay health and dental insurance benefits for a state employee who applies prior to July 1, 2013 to participate in a voluntary employee incentive program under section 1 based upon the scheduled workweek in effect prior to the employee's participation in the voluntary employee incentive program.

Sec. D-3. Continuation of group life insurance. Notwithstanding the Maine Revised Statutes, Title 5, sections 903 and 18056 and the rules of the Maine Public Employees Retirement System, the life, accidental death and dismemberment, supplemental and dependent insurance amounts for a state employee who applies prior to July 1, 2013 to participate in a voluntary employee incentive program under section 1 are based upon the scheduled hours of the employee prior to the employee's participation in the voluntary employee incentive program.

Sec. D-4. General Fund savings. Notwithstanding the Maine Revised Statutes, Title 5, section 1585, the State Budget Officer shall transfer the General Fund savings resulting from the voluntary employee incentive programs under section 1 to the General Fund Compensation and Benefit Plan account in the Department of Administrative and Financial Services. The State Budget Officer shall submit to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs a report of the transferred amounts no later than January 15, 2013 for fiscal year 2011-12 and no later than January 15, 2014 for fiscal year 2012-13.

Sec. D-5. Lapsed balances. Notwithstanding any other provision of law, \$350,000 in fiscal year 2011-12 and \$350,000 in fiscal year 2012-13 of savings identified from the voluntary employee incentive programs in this Part lapse to the General Fund.

PART E

Sec. E-1. Merit increases and longevity payments. Notwithstanding the Maine Revised Statutes, Title 26, section 979-D or section 1285 or any other provision of law, any merit increase or longevity payment, regardless of funding source, scheduled to be awarded or paid between July 1, 2011 and June 30, 2013 to any person employed by the departments and agencies within the executive branch, including the constitutional officers and the Department of Audit, may not be awarded, authorized or implemented. These savings may be replaced by other Personal Services savings by agreement of the State and the bargaining agents representing state employees.

Sec. E-2. Calculation and transfer. Notwithstanding any other provision of law, the State Budget Officer shall calculate the amount of savings in section 1 of this Part that applies against each General Fund account for all departments and agencies from savings associated with eliminating merit pay increases and longevity payments and shall transfer the amounts by financial order upon the approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2011-12 and fiscal year 2012-13. The State Budget Officer shall provide a report of the transferred amounts to the Joint Standing Committee on Appropriations and Financial Affairs no later than October 1, 2012.

PART F

Sec. F-1. Attrition savings. The attrition rate for the 2012-2013 biennium is increased from 1.6% to 5.0%.

PART G

Sec. G-1. Transfer to Highway Fund. Notwithstanding any other provision of law, the State Controller shall transfer \$20,000,000 by the close of fiscal year 2012-13 from the unappropriated surplus of the General Fund to the unallocated surplus of the Highway Fund.

PART H

Sec. H-1. Department of Administrative and Financial Services; lease-purchase authorization. Pursuant to the Maine Revised Statutes, Title 5, section 1587, the Department of Administrative and Financial Services, in cooperation with the Treasurer of State, may enter into financing arrangements in fiscal years 2011-12 and 2012-13 for the acquisition of motor vehicles for the Central Fleet Management Division. The financing agreements entered into in each fiscal year may not exceed \$6,000,000 in principal costs, and a financing arrangement may not exceed 4 years in duration. The interest rate may not exceed 8%. The annual principal and interest costs must be paid from the appropriate line category allocations in the Central Fleet Management Division account.

Sec. H-2. Calculation and transfer; General Fund; central services savings. Notwithstanding any other provision of law, the State Budget Officer shall calculate the amount of savings in this Part in the Statewide Central Services account, Department of Administrative and Financial

Services that applies against each General Fund account for departments and agencies statewide as a result of improvements in contracting with vendors and the use of procurement cards. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor. These transfers are considered adjustments to appropriations in fiscal years 2011-12 and 2012-13. The State Budget Officer shall provide the Joint Standing Committee on Appropriations and Financial Affairs a report of the transferred amounts not later than January 15, 2012.

PART I

Sec. I-1. 5 MRSA §13090-K, sub-§2, as enacted by PL 2001, c. 439, Pt. UUUU, §1, is repealed and the following enacted in its place:

2. Source of fund. Beginning July 1, 2011 and every July 1st thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 7% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the first 6 months of the prior fiscal year. Beginning on October 1, 2011 and every October 1st thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 7% tax imposed on tangible personal property and taxable services pursuant to Title 36, section 1811, for the last 6 months of the prior fiscal year. The tax amount must be based on actual sales for that fiscal year and may not consider any accruals that may be required by law.

Sec. I-2. 20-A MRSA §1310, sub-§6, as repealed and replaced by PL 2003, c. 212, §1, is amended to read:

6. Enforcement. If a municipal treasurer fails to pay the installment due, or any part, on the dates required, to initiate collection procedures, the treasurer of the school administrative district may notify the municipal treasurer of the failure to pay. Interest accrues on each unpaid installment at the rate established under Title 36, section 186 beginning on the 60th day after the date the installment is due under subsection 4. If payment of an installment is not made within 60 days after the due date, the treasurer of the district may initiate an action in Superior Court to compel payment of the delinquent installment. The court shall determine the amount owed by the municipality to the district and shall order the municipal treasurer to pay all delinquent installments, accrued interest and any court costs and reasonable attorney's fees incurred by the district. To ensure prompt payment of the delinquent installments, the court may require that amounts due to the municipality from the State under Title 30-A, section ~~568~~5681-A and Title 36, sections 578 and 685 be paid to the district until the amount determined by the court is satisfied. The court shall promptly notify the disbursing state agency of the determination and direct the agency to make the required change in payee and the amounts to be paid. If additional funds are needed to satisfy the amount determined by the court to be paid to the district, the court may order the attachment or trustee process and sale of real or personal property owned by the municipality or the attachment of the municipality's bank accounts or require property tax payments to the municipality to be turned over to the court and may pay the amount owed the district from the proceeds and return any excess to the municipality.

Sec. I-3. 20-A MRSA §1489, sub-§6, as enacted by PL 2007, c. 240, Pt. XXXX, §13, is amended to read:

6. Enforcement. If a municipal treasurer fails to pay the installment due, or any part, on the dates required, to initiate collection procedures, the treasurer of the regional school unit may notify the municipal treasurer of the failure to pay. Interest accrues on each unpaid installment at the rate established under Title 36, section 186 beginning on the 60th day after the date the installment is due under subsection 4. If payment of an installment is not made within 60 days after the due date, the treasurer of the regional school unit may initiate an action in Superior Court to compel payment of the delinquent installment. The court shall determine the amount owed by the municipality to the regional school unit and shall order the municipal treasurer to pay all delinquent installments, accrued interest and any court costs and reasonable attorney's fees incurred by the regional school unit. To ensure prompt payment of the delinquent installments, the court may require that amounts due to the municipality from the State under Title 30-A, section ~~568~~5681-A and Title 36, sections 578 and 685 be paid to the regional school unit until the amount determined by the court is satisfied. The court shall promptly notify the disbursing state agency of the determination and direct the agency to make the required change in payee and the amounts to be paid. If additional funds are needed to satisfy the amount determined by the court to be paid to the regional school unit, the court may order the attachment or trustee process and sale of real or personal property owned by the municipality or the attachment of the municipality's bank accounts or require property tax payments to the municipality to be turned over to the court and may pay the amount owed the regional school unit from the proceeds and return any excess to the municipality.

Sec. I-4. 20-A MRSA §1703, sub-§6, as repealed and replaced by PL 2003, c. 212, §2, is amended to read:

6. Enforcement. If a municipal treasurer fails to pay the installment due, or any part, on the dates required, to initiate collection procedures, the treasurer of the community school district may notify the municipal treasurer of the failure to pay. Interest accrues on each unpaid installment at the rate established under Title 36, section 186 beginning on the 60th day after the date the installment is due under subsection 4. If payment of an installment is not made within 60 days after the due date, the treasurer of the district may initiate an action in Superior Court to compel payment of the delinquent installment. The court shall determine the amount owed by the municipality to the district and shall order the municipal treasurer to pay all delinquent installments, accrued interest and any court costs and reasonable attorney's fees incurred by the district. To ensure prompt payment of the delinquent installments, the court may require that amounts due to the municipality from the State under Title 30-A, section ~~568~~5681-A and Title 36, sections 578 and 685 be paid to the district until the amount determined by the court is satisfied. The court shall promptly notify the disbursing state agency of the determination and direct the agency to make the required change in payee and the amounts to be paid. If additional funds are needed to satisfy the amount determined by the court to be paid to the district, the court may order the attachment or trustee process and sale of real or personal property owned by the municipality or the attachment of the municipality's bank accounts or require property tax payments to the municipality to be turned over to the court and may pay the amount owed the district from the proceeds and return any excess to the municipality.

Sec. I-5. 21-A MRSA §1124, sub-§2, ¶B, as amended by PL 2007, c. 443, Pt. B, §4, is further amended to read:

B. Two million dollars of the revenues from the taxes imposed under Title 36, Parts 3 and 8 and credited to the General Fund, transferred to the fund by the State Controller on or before January 1st of each year, beginning January 1, 1999. These revenues must be offset in an equitable manner by an equivalent reduction within the administrative divisions of the legislative branch and executive branch agencies. ~~This section may not affect the funds distributed to the Local Government Fund under Title 30-A, section 5681.~~

Sec. I-6. 23 MRSA §4210-B, sub-§7, as enacted by PL 2007, c. 677, §1, is repealed and the following enacted in its place:

7. Sales tax revenue. Beginning July 1, 2011 and every July 1st thereafter, the State Controller shall transfer to the STAR Transportation Fund an amount, as certified by the State Tax Assessor, that is equivalent to 50% of the revenue from the tax imposed on the value of rental for a period of less than one year of an automobile pursuant to Title 36, section 1811 for the first 6 months of the prior fiscal year. Beginning on October 1, 2011 and every October 1st thereafter, the State Controller shall transfer to the STAR Transportation Fund an amount, as certified by the State Tax Assessor, that is equivalent to 50% of the revenue from the tax imposed on the value of rental for a period of less than one year of an automobile pursuant to Title 36, section 1811 for the last 6 months of the prior fiscal year. The tax amount must be based on actual sales for that fiscal year and may not consider any accruals that may be required by law.

Sec. I-7. 30-A MRSA §5681, as amended PL 2011, c. 1, Pt. N, §1, is repealed.

Sec. I-8. 30-A MRSA §5681-A is enacted to read:

§ 5681-A. State-municipal revenue sharing

1. Findings and purpose. The Legislature finds that:

- A. The principal problem of financing municipal services is the burden on the property tax; and
- B. To stabilize the municipal property tax burden and to aid in financing all municipal services, it is necessary to provide funds from the broad-based taxes of State Government.

2. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Population" means the population as determined by the latest Federal Decennial Census or the population as determined and certified by the Department of Health and Human Services, whichever is later. For the purposes of this section, the Department of Health and Human Services shall determine the population of each municipality at least once every 2 years. For the purposes of the distributions required by this section, beginning July 1, 2011, "population" means the most current population data available as of the January 1st prior to the fiscal year of distribution.

B. "Property tax burden" means the total real and personal property taxes assessed in the municipal fiscal year pertaining to the latest state valuation, except the taxes assessed on captured value within a tax increment financing district, divided by the latest state valuation certified to the Secretary of State.

C. "Disproportionate tax burden" means the total real and personal property taxes assessed in the municipal fiscal year pertaining to the latest state valuation, except the taxes assessed on captured value within a tax increment financing district, divided by the latest state valuation certified to the Secretary of State and reduced by .01.

3. Funding for state-municipal revenue sharing. The Legislature shall appropriate funds annually to the State - Municipal Revenue Sharing program account established in the Office of the Treasurer of State to strengthen the state-municipal fiscal relationship pursuant to the findings and objectives of subsection 1.

4. Distribution of state-municipal revenue sharing funds. The Treasurer of State shall distribute 1/12 of the annual appropriation under subsection 3 by the 20th day of each month. The funds must be distributed to each municipality in proportion to the product of the population of the municipality multiplied by the property tax burden of the municipality.

5. Funding for disproportionate tax burden. The Legislature shall appropriate funds annually to the Disproportionate Tax Burden program account established in the Office of the Treasurer of State to provide additional support for municipalities experiencing a higher-than-average tax burden.

6. Distribution of disproportionate tax burden funds. The Treasurer of State shall distribute 1/12 of the annual appropriation under subsection 5 by the 20th day of each month. The funds must be distributed to each municipality in proportion to the product of the population of the municipality multiplied by the disproportionate tax burden of the municipality.

7. Plantations and unorganized territory. For purposes of state-municipal revenue sharing, plantations and the unorganized territory must be treated as if they were municipalities.

8. Indian territory. For purposes of state-municipal revenue sharing, the Passamaquoddy Tribe and the Penobscot Nation Indian territories must be treated as if they were municipalities. In the absence of a levy of real and personal property taxes in either or both Indian territories, the property tax assessment is computed by multiplying the state valuation for the Indian territory for the period for which revenue sharing is being determined by the most current average equalized property tax rate of all municipalities in the State at that time as determined by the State Tax Assessor.

Sec. I-9. 36 MRSA §208-A, sub-§1, as repealed and replaced by PL 2007, c. 322, §2, is amended to read:

1. Request for adjustment. A municipality that has experienced a sudden and severe disruption in its municipal valuation may request an adjustment to the equalized valuation determined by the State Tax Assessor under section 208 for the purposes of calculating distributions of education funding under Title 20-A, chapter 606-B and state-municipal revenue sharing under Title 30-A, section 5681-5681-A. A municipality requesting an adjustment under this section must file a petition, with supporting documentation, with the State Tax Assessor and indicate the time period for which adjustments to distributions are requested under subsection 5.

Sec. I-10. 36 MRSA §685, sub-§4, ¶B, as amended by PL 2009, c. 571, Pt. MM, §1 and affected by §2, is further amended to read:

B. A municipality claiming reimbursement under this section shall submit a claim to the bureau by November 1st of the year in which the exemption applies or within 30 days of commitment of taxes, whichever occurs later. The bureau shall review the claims and determine the total amount to be paid. The bureau shall certify and the Treasurer of State shall pay by July 15th of the year following the year in which the exemption applies the difference between the estimated payment issued and the amount that the bureau finally determines for the year in which the exemption applies. If the total amount of reimbursement to which a municipality is entitled is less than the amount received under paragraph A, the municipality shall repay the excess to the State by December 30th of that year, or the amount may be offset against the amount of state-municipal revenue sharing due the municipality under Title 30-A, section ~~5681~~5681-A.

Sec. I-11. 36 MRSA §699, sub-§2, as enacted by PL 2005, c. 623, §1, is amended to read:

2. Intent. It is the intent of the Legislature to fund fully ~~transfers to the Disproportionate Tax Burden Fund under section 700-A, subsection 1 and~~ reimbursements under the business equipment tax reimbursement program under section 6652, subsection 4, paragraph B.

Sec. I-12. 36 MRSA §700-A, as enacted by PL 2005, c. 623, §1, is repealed.

Sec. I-13. 36 MRSA §700-B, as amended by PL 2009, c. 213, Pt. S, §10 and affected by §16, is further amended to read:

§ 700-B.Adjustments to revenue

1. Certification. By June 30, 2009 and each subsequent year, the State Tax Assessor shall certify to the State Controller amounts certified to the Treasurer of State as reimbursements to be paid to municipalities during the fiscal year under section 694, subsection 5. ~~The Treasurer of State shall certify to the State Controller payments due under section 700-A.~~

2. Transfer. The State Controller shall transfer amounts certified under subsection 1 to the Business Equipment Tax Reimbursement reserve account established, maintained and administered by the State Controller from General Fund undedicated revenue. The assessor and the Treasurer of State shall pay amounts required under section 694, subsection 5 ~~and section 700-A.~~

Sec. I-14. 36 MRSA §714, as amended by PL 1987, c. 737, Pt. C, §§78 and 106 and PL 1989, c. 6; c. 9, §2; and c. 104, Pt. C, §§8 and 10, is further amended to read:

§ 714.State-municipal revenue sharing aid

The assessors shall deduct from the total amount required to be assessed an amount equal to the amount that the municipal officers estimate will be received under Title 30-A, section ~~5681~~5681-A, during the municipal fiscal year.

Sec. I-15. 36 MRSA §1815, sub-§2, as enacted by PL 1999, c. 477, §1, is amended to read:

2. Monthly transfer. By the 20th day of each month, the assessor shall notify the State Controller and the Treasurer of State of the amount of revenue attributable to the tax collected under this Part in the previous month on sales occurring on the Passamaquoddy reservation at either Pleasant Point or Indian Township ~~reduced by the transfer to the Local Government Fund required by Title 30-A, section 5681.~~ When notified by the assessor, the State Controller shall transfer that amount to the Passamaquoddy Sales Tax Fund.

Sec. I-16. 36 MRSA §2559, as amended by PL 2009, c. 213, Pt. S, §13 and affected by §16, is further amended to read:

§ 2559. Application of revenues

Revenues derived by the tax imposed by this chapter must be credited to a General Fund suspense account. On or before the last day of each month, the State Controller shall transfer ~~a percentage of the revenues received by the State Tax Assessor during the preceding month pursuant to the tax imposed by section 2552, subsection 1, paragraphs A to F and L to the Local Government Fund as provided by Title 30-A, section 5681, subsection 5.~~ The balance remaining the amount in the General Fund suspense account ~~must be transferred~~ to service provider tax General Fund revenue. On or before the 15th day of each month, the State Controller shall transfer all revenues received by the assessor during the preceding month pursuant to the tax imposed by section 2552, subsection 1, paragraphs G to J to the Medical Care Services Other Special Revenue Funds account, the Other Special Revenue Funds Mental Health Services - Community Medicaid program, the Medicaid Services - Mental Retardation program and the Office of Substance Abuse - Medicaid Seed program within the Department of Health and Human Services.

Sec. I-17. Effective date. This Part takes effect July 1, 2011.

PART J

Sec. J-1. 36 MRSA §111, sub-§2, as amended by PL 2001, c. 396, §1, is repealed and the following enacted in its place:

2. Notice. "Notice" means written notification served personally, sent by certified mail or sent by first-class mail to the last known address of the person for whom the notification is intended. A person's last known address is the person's address as reported on the person's most recently filed Maine tax return or as otherwise specified by the person in written correspondence on file with the bureau, unless the bureau determines that a different address is the most current address for the person, in which case the bureau must use that address. Notice by first-class mail is deemed to be received 3 days after the mailing, excluding Sundays and legal holidays. If the State Tax Assessor is required by a provision of this Title to give notice by certified mail and attempts to do so but the mailing is returned with the notation "unclaimed" or "refused" or a similar notation, the assessor may then give notice by sending the notification by first-class mail. In the case of a joint income tax return, notice may be a single joint notice except that, if the assessor is notified by either spouse that separate residences have been established, the assessor must mail a joint notice to each spouse. If the person for whom notification is intended is deceased or under a legal disability, and the assessor knows of the existence of a fiduciary relationship with respect to that person, notice must be sent by first-class mail to the last known address of the fiduciary.

Sec. J-2. 36 MRSA §141, sub-§1, as amended by PL 2009, c. 496, §3, is further amended to read:

1. General provisions. Except as otherwise provided by this Title, an amount of tax that a person declares on a return filed with the State Tax Assessor to be due to the State is deemed to be assessed at the time the return is filed and is payable on or before the date prescribed for filing the return, determined without regard to an extension of time granted for filing the return. When a return is filed, the assessor shall ~~cause it to be examined~~examine it and may conduct audits or investigations to determine the correct tax liability. If the assessor determines that the amount of tax shown on the return is less than the correct amount, the assessor shall assess the tax due the State and provide notice to the taxpayer of the assessment. Except as provided in subsection 2, an assessment may not be made after 3 years from the date the return was filed or 3 years from the date the return was required to be filed, whichever is later. The assessor may make a supplemental assessment within the assessment period prescribed by this section for the same period, periods or partial periods previously assessed if the assessor determines that a previous assessment understates the tax due or otherwise is imperfect or incomplete in any material respect.

Sec. J-3. 36 MRSA §141, sub-§2, as amended by PL 2011, c. 1, Pt. BB, §1 and affected by §3, is further amended to read:

2. Exceptions. The following are exceptions to the 3-year time limit specified in subsection 1.

A. An assessment may be made within 6 years from the date the return was filed if the tax liability shown on the return, after adjustments necessary to correct any mathematical errors apparent on the face of the return, is less than 1/2 of the tax liability determined by the ~~State Tax Assessor~~assessor. In determining whether the 50% threshold provided by this paragraph is satisfied, the assessor may not consider any portion of the understated tax liability for which the taxpayer has substantial authority supporting its position.

B. An assessment may be made at any time with respect to a time period for which a fraudulent return has been filed.

C. An assessment may be made at any time with respect to a period for which a return has become due but has not been filed. If a person who has failed to file a return does not provide to the assessor, within 60 days of receipt of notice, information that the assessor considers necessary to determine the person's tax liability for that period, the assessor may assess an estimated tax liability based upon the best information otherwise available. In any proceeding for the collection of tax for that period, that estimate is prima facie evidence of the tax liability. The 60-day period provided by this paragraph must be extended for an additional 60 days if the taxpayer requests an extension in writing prior to the expiration of the original 60-day period.

E. The time limitations for assessment specified in this section may be extended to any later date to which the ~~State Tax Assessor~~assessor and ~~person liable for tax~~taxpayer agree in writing.

Sec. J-4. 36 MRSA §145, as enacted by PL 2007, c. 627, §5, is amended to read:

§ 145. Declaration of jeopardy

If the State Tax Assessor determines that the collection of any tax will be jeopardized by delay, the assessor, upon giving notice of this determination to the person liable for the tax by personal service or certified mail, may demand an immediate return with respect to any period or immediate payment of any tax declared to be in jeopardy, or both, and may terminate the current reporting period and demand an immediate return and payment with respect to that period. Notwithstanding any other provision of law, taxes declared to be in jeopardy are payable immediately, and the assessor may proceed immediately to collect those taxes by any collection method authorized by this Title. The person liable for the tax may stay collection by requesting reconsideration of the declaration of jeopardy in accordance with section 151 and depositing with the assessor; ~~within the time period specified in section 151,~~ 30 days from receipt of notice of the determination of jeopardy a bond or other security in the amount of the liability with respect to which the stay of collection is sought. A determination of jeopardy by the assessor is presumed to be correct, and the burden of showing otherwise is on the taxpayer.

Sec. J-5. 36 MRSA §151, first ¶, as amended by PL 2001, c. 583, §1, is further amended to read:

~~Any~~ A person who is subject to an assessment by the State Tax Assessor or entitled by law to receive notice of a determination of the assessor and who is aggrieved ~~as a result of~~ by that action may request in writing, within ~~30~~ 60 days after receipt of notice of the assessment or the determination, reconsideration by the assessor of the assessment or the determination. If a person who receives notice of an assessment and does not file a request for reconsideration of the assessment in writing within the ~~specified time period~~ 60 days, the assessor may not reconsider the assessment pursuant to this section and no review is available in Superior Court regardless of whether the ~~taxpayer~~ person subsequently makes payment and requests a refund.

Sec. J-6. 36 MRSA §171, as amended by PL 2001, c. 583, §3, is further amended to read:

§ 171. Demand letter

1. Taxes imposed by this Title. If any tax imposed by this Title is not paid on or before its due date and no further administrative or judicial review of the assessment is available under section 151, the assessor, within 3 years after administrative and judicial review have been exhausted, may give the taxpayer notice of the amount to be paid, specifically designating the tax, interest and penalty due, and demand payment of that amount within 10 days of that taxpayer's receipt of notice. The notice must be given by personal service or sent by certified mail. The notice must include a warning that, upon failure of that taxpayer to pay as demanded, the assessor may proceed to collect the amount due by any collection method authorized by this Title. The notice must also describe the procedures applicable to the levy and sale of property under section 176-A, the alternatives available to the taxpayer that could forestall levy on property, including installment agreements, and the provisions of this Title relating to redemption of property and the release of the lien on property created by virtue of the levy. If the taxpayer has filed a petition for relief under the United States Bankruptcy Code, the running of the 3-year period of limitation imposed by this section is stayed until the bankruptcy case is closed or a discharge is granted, whichever occurs first.

2. Other debts owed to State. In the case of a fee, fine, penalty or other obligation first owed to the State on or after January 1, 1988 and authorized to be collected by the bureau, the assessor, within 3 years after the obligation is first placed with the bureau for collection, may give the taxpayer notice of the amount to be paid, including any interest and penalties provided by law, and demand payment of that amount within 10 days of that taxpayer's receipt of notice. The notice must be given by personal service or sent by certified mail. The notice must include a warning that, upon failure of that taxpayer to pay as demanded, the assessor may proceed to collect the amount due by any collection method authorized by section 175-A or 176-A. The notice must describe the procedures applicable to the levy and sale of property under section 176-A, the alternatives available to the taxpayer that could forestall levy on property, including installment agreements, and the provisions of this Title relating to redemption of property and the release of the lien on property created by virtue of the levy.

Sec. J-7. 36 MRSA §172, first ¶, as enacted by PL 1981, c. 364, §11, is amended to read:

If any tax liability imposed under this Title that has become final, other than ~~property tax, assessed and deemed final~~ liability for a tax imposed under this TitlePart 2, remains unpaid in an amount exceeding \$1,000 for a period greater than 60 days after the taxpayer has received notice of ~~sue~~that finality by personal service or certified mail, and the taxpayer ~~refuses~~fails to cooperate with the bureau in establishing and remaining in compliance with a reasonable plan for liquidating that liability, the State Tax Assessor shall certify the liability and lack of cooperation:

Sec. J-8. 36 MRSA §175, sub-§2, as amended by PL 2009, c. 496, §4, is further amended to read:

2. Failure to file or pay taxes; determination to prevent renewal, reissuance or other extension of license or certificate. If the assessor determines that a person who holds a license or certificate of authority issued by this State to conduct a profession, trade or business has ~~neglected or refused~~failed to file a return at the time required under this Title or to pay a tax liability due under this Title that has been demanded, other than taxes due pursuant to Part 2, and the person continues to fail to file or pay after at least 2 specific written notices, each giving 30 days to respond, have been sent by ~~certified mail or served by a civil officer~~first-class mail, then the assessor shall notify the person ~~in writing~~by certified mail or personal service that continued failure to file the required tax return or to pay the overdue tax liability may result in loss of the person's license or certificate of authority. If the person continues for a period in excess of 30 days from notice of possible denial of renewal or reissuance of a license or certificate of authority to fail to file or show reason why the person is not required to file or if the person continues not to pay, the assessor shall notify the person ~~in writing~~by certified mail or personal service of the assessor's determination to prevent renewal, reissuance or extension of the license or certificate of authority by the issuing agency. A review of this determination is available by requesting reconsideration under section 151, subject to appeal to the Superior Court as provided in section 151. Either by failure to proceed to the next step of appeal or by exhaustion of the steps of appeal, the determination to prevent renewal or reissuance of the license or certificate of authority becomes final unless otherwise determined on appeal. In any event, the license or certificate of authority remains in effect until all appeals have been taken to their final conclusion.

Sec. J-9. 36 MRSA §176-A, sub-§1, ¶B-1 is enacted to read:

B-1. "Notice" means written notification served personally or sent by certified mail, except with respect to notice to a person who has consented in writing to some other means of notification.

Sec. J-10. 36 MRSA §176-A, sub-§1, ¶D, as enacted by PL 1989, c. 880, Pt. E, §3, is repealed.

Sec. J-11. 36 MRSA §176-A, sub-§2, ¶E, as amended by PL 2001, c. 583, §5, is further amended to read:

E. The effect of a levy on salary or wages payable to or received by a taxpayer is continuous from the date the levy is first made until the liability giving rise to the levy is satisfied. Except as otherwise provided by this paragraph, a levy on any other intangible personal property or rights to intangible personal property remains in effect until one year after the date that notice of levy ~~and demand~~ under subsection 3, paragraph A is ~~served on~~received by the person in possession of or liable to the taxpayer with respect to intangible personal property, including property that is first possessed or liabilities that arise after the date of ~~service~~receipt of the notice of levy ~~and demand~~. In the case of a levy upon property held by a financial institution described in subsection 3, paragraph A, the levy extends only extends to accounts in existence on the date the notice of levy ~~and demand~~ is ~~served on~~received by the financial institution, but includes deposits made or collected in those accounts after the notice ~~of levy~~ is served~~received~~. A levy on intangible personal property or rights to intangible personal property, ownership of which is disputed ~~at on~~ the time~~date that notice~~ the levy is ~~served~~received, remains in effect until one year after the dispute is resolved ~~by competent authority~~.

Sec. J-12. 36 MRSA §176-A, sub-§3, as amended by PL 2005, c. 218, §6, is further amended to read:

3. Surrender of property or discharge of obligation; exceptions; personal liability; penalty. A surrender of property or discharge of obligation is governed by this subsection.

A. Except as otherwise provided in paragraph B, any person who is in possession of, or obligated with respect to, property or rights to property subject to levy upon which a levy has been made shall, upon demand of the assessor, ~~surrender any such~~surrender the property or rights or ~~discharge any such~~discharge the obligation to the assessor within 21 days after receipt of the notice of levy, except that part of the property or rights ~~as that~~ is, at the time of the demand, subject to an attachment or execution under ~~any~~ judicial process. It is a defense to the liability imposed by this subsection that the person ~~refusing~~who fails to comply with the terms of a notice of a levy or that person's bailor has a valid claim against the delinquent taxpayer ~~accruing~~that accrued prior to ~~service~~receipt of the notice of levy or a valid security interest or lien upon the property of the taxpayer ~~that was~~ perfected prior to ~~service~~receipt of the notice of levy; but this defense ~~exonerates the person refusing to comply from liability~~is available only to the extent of that claim, security interest or lien.

Any financial institution chartered under state or federal law, including, but not limited to, trust companies, savings banks, savings and loan associations, national banks and credit unions, shall surrender to the assessor any deposits, including any interest in the financial institution that would otherwise be required to be surrendered under this subsection only after 21 days after ~~service~~receipt of the notice of levy, but not later than 30 days after ~~service~~receipt of the notice of levy. Except

as provided in subsection 5, paragraph D, with respect to a levy on salary or wages, any person in possession of, or obligated with respect to, property subject to a continuing levy against intangible personal property, which property is first possessed or which obligation first arises subsequent to ~~service~~receipt of a notice of levy ~~on such~~by that person, shall, upon demand of the assessor, surrender the property or rights, or discharge the obligation to the assessor within 30 days after the property is first possessed or the obligation first arises.

B. A levy with respect to a life insurance or endowment contract is governed by this paragraph.

(1) A levy on an organization with respect to a life insurance or endowment contract issued by that organization, without necessity for the surrender of the contract document, constitutes a demand by the assessor for payment of the amount described in subparagraph (2) and the exercise of the right of the person against whom the tax is assessed to the advance of that amount. The organization shall pay over the amount no later than 90 days after ~~service~~receipt of the notice of levy. Notice must include a certification by the assessor that a copy of the notice has been mailed to the person against whom the tax is assessed at that person's last known address.

(2) A levy under this paragraph is deemed to be satisfied if the organization pays over to the assessor the amount that the organization could have advanced to the person against whom the tax is assessed on the date prescribed in subparagraph (1) for the satisfaction of the levy, increased by the amount of any advance, including contractual interest, made to the person on or after the date the organization ~~had actual~~received notice or otherwise had knowledge of the existence of the lien with respect to which the levy is made, other than an advance, including contractual interest, made automatically to maintain the contract in force under an agreement entered into before the organization ~~had any~~received such notice or had such knowledge.

(3) The satisfaction of a levy under subparagraph (2) is without prejudice to any civil action for the enforcement of any lien imposed by section 175-A with respect to the contract.

C. Any person who fails or refuses to surrender any property or rights to property, subject to levy, upon demand by the assessor:

(1) Is liable in person and estate to the State in a sum equal to the value of the property not so surrendered, but not exceeding the amount of taxes for the collection of which the levy has been made, together with costs and interest at the rate determined pursuant to section 186 on the sum from the date of the levy. Any amount, other than costs, recovered under this paragraph must be credited against the tax liability for the collection of which the levy was made; and

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(2) Without reasonable cause, is liable for a penalty equal to 50% of the amount recoverable under subparagraph (1). A part of the penalty may not be credited against the tax liability for the collection of which the levy was made.

~~It is lawful for the~~The assessor ~~to~~may collect the liability established by this paragraph by assessment and collection in the manner described in this Part.

D. Any person in possession of, or obligated with respect to, property subject to levy upon which a levy has been made, who, upon demand by the assessor, surrenders that property or rights to that property, or discharges the obligation to the assessor, or who pays a liability under paragraph C, subparagraph (1) is discharged from any obligation or liability to the delinquent taxpayer with respect to the property arising from the surrender or payment. In the case of a levy satisfied pursuant to paragraph B, the organization is discharged from any obligation or liability to any beneficiary arising from the surrender or payment.

Sec. J-13. 36 MRSA §176-A, sub-§5, ¶D, as enacted by PL 1989, c. 880, Pt. E, §3, is amended to read:

D. A levy upon salary and wages must specify the amount of percentage to be surrendered and delivered to the assessor by the taxpayer's employer for each pay period, consistent with the provisions of this paragraph. Salaries and wages are exempt from levy to the extent of 75% of the taxpayer's disposable earnings for any pay period, or an amount equal to the federal minimum hourly wage multiplied by 30, multiplied by the number of weeks in the pay period, whichever is less. A levy on salaries and wages is continuous from the date on which the notice of levy is served~~received~~ until the delinquency is discharged and applies to all pay periods commencing after ~~the~~that date ~~on which the notice of levy is served~~. The assessor shall notify the taxpayer's employer ~~immediately~~as soon as practicable upon discharge of the delinquency that the levy has been discontinued.

Sec. J-14. 36 MRSA §176-A, sub-§6, ¶A, as amended by PL 1999, c. 699, Pt. D, §27 and affected by §30, is further amended to read:

A. As soon as practicable after seizure of property, the assessor shall give notice ~~in writing~~ to the owner of the property, or, in the case of personal property, the possessor of the property, or leave notice at the owner's or possessor's usual place of abode or business, if any, within the State. If the owner or possessor cannot be readily located, or has no dwelling or place of business within the State, the notice may be mailed to that person's last known address~~sent by first-class mail~~. In the case of real property, the notice must be filed in the registry of deeds in the county where the property is located. The notice must specify the sum demanded and contain:

(1) In the case of personal property, an account of the property seized; and

(2) In the case of real property, a description with reasonable certainty of the property seized.

In the case of levy on a motor vehicle that is the subject of a Certificate of Title issued by the Secretary of State, a copy of the notice must be filed with the Secretary of State, who shall note the levy in the records of ownership of the motor vehicle in question. In the case of levy on that type of personal property, a security interest in which may be perfected by filing in the office of the Secretary of State, a copy of the notice must be filed in the office of the Secretary of State, who shall file the notice of levy as a financing statement.

Sec. J-15. 36 MRSA §176-A, sub-§6, ¶B, as amended by PL 2009, c. 434, §10, is further amended to read:

B. The assessor, as soon as practicable after the seizure of property, shall cause a notice to be published in a newspaper of general circulation within the county where the seizure is made, or, if there is no such newspaper, post the notice at the city or town hall nearest the place where the seizure is made and in at least 2 other public places. In the case of real property, the notice must be served ~~onsent by certified mail to~~ all persons holding an interest of record, including, without limitation, recorded leases and security interest of all types, in the property as reflected at the time the notice of levy is recorded by the indices of the registry of deeds in the county where the property is located. In the case of ~~personal property that is~~ a motor vehicle subject to a certificate of title issued by the Secretary of State, notice must be served ~~onsent by certified mail to~~ all persons holding a security interest of record in the motor vehicle as set forth in the records of the Secretary of State. In the case of personal property that ~~may be~~ is the subject of a security interest perfected by filing in the office of the Secretary of State, notice must be served ~~upon~~ onsent by certified mail to all secured parties claiming an interest in the property seized as reflected at the time the notice of levy is recorded in the records maintained by the Secretary of State pursuant to Title 11. The notice must specify the property to be sold, subject to the liabilities of prior encumbrances, if any, and the time, place, manner and conditions of the sale. If levy is made without regard to the 10-day period provided in section 171, public notice of sale of the property seized may not be made within the 10-day period unless subsection 7 applies. It is a Class E crime to intentionally remove or deface the posted notice of sale prior to the scheduled sale date, unless the property has been redeemed or the sale is for some other reason canceled. The assessor or any law enforcement officer may enter onto the land if necessary to carry out the purposes of this section.

Sec. J-16. 36 MRSA §176-A, sub-§15, ¶A, as enacted by PL 1989, c. 880, Pt. E, §3, is amended to read:

A. Who claims an interest in property that has wrongfully been levied upon may apply to the assessor for a stay of proceedings under this section at any time before the property has been sold but within 5 days after receiving ~~actual~~ notice of the levy. ~~Any~~An action for a stay is governed by Title 5, section 11004; or

PART K

Sec. K-1. 36 MRSA §187-B, sub-§1, as amended by PL 2007, c. 627, §6, is further amended to read:

1. Failure to file return. ~~Any~~A person who fails to make and file any return required under this Title at or before the time the return becomes due is liable for one of the following penalties if the person's tax liability shown on ~~such~~that return or otherwise determined to be due is greater than \$25.

A. If the return is filed before or within 30 days after the taxpayer receives from the assessor a formal demand that the return be filed, or if the return is not filed but the tax due is assessed by the assessor before the taxpayer receives from the assessor a formal demand that the return be filed, the penalty is \$25 or 10% of the tax due, whichever is greater.

B. If the return is not filed within 30 days after the taxpayer receives from the assessor a formal demand that the return be filed, the penalty is ~~100%~~\$25 or 25% of the tax due, ~~whichever is greater~~. The 30-day period provided by this paragraph is ~~is~~must be extended for up to 120 days if the taxpayer requests an extension in writing prior to the expiration of the original 30-day period.

C. If the return is not filed and the assessor makes a determination of jeopardy pursuant to section 145, the penalty is ~~100%~~25% of the tax due.

This subsection does not apply to ~~any~~a return required pursuant to chapter 459 ~~and~~that is administered pursuant to the International Fuel Tax Agreement.

Sec. K-2. Application. This Part takes effect October 1, 2011 and applies to penalties accruing under this section on or after October 1, 2011.

PART L

Sec. L-1. 36 MRSA §187-B, sub-§7, as amended by PL 2007, c. 437, §5, is further amended to read:

7. Reasonable cause. ~~For reasonable cause, the State Tax Assessor~~The assessor shall waive or abate ~~or, in the case of those penalties that do not accrue automatically under subsection 6, refrain from imposing~~ any penalty imposed by subsection 1; ~~subsection, 1-A; subsection, 2; subsections, 4-A, 4-B, 5-A and~~ or 5-B; or by the terms of the International Fuel Tax Agreement ~~if grounds constituting reasonable cause are established by the taxpayer or if the assessor determines that grounds constituting reasonable cause are otherwise apparent~~. Reasonable cause includes, but is not limited to, the following circumstances:

A. The failure to file or pay resulted directly from erroneous information provided by the Bureau of Revenue Services;

B. The failure to file or pay resulted directly from the death or serious illness of the taxpayer or a member of the taxpayer's immediate family;

C. The failure to file or pay resulted directly from a natural disaster;

D. A return that was due monthly was filed and paid less than one month late and all of the taxpayer's returns and payments during the preceding 12 months were timely;

E. A return that was due other than monthly was filed and paid less than one month late and all of the taxpayer's returns and payments during the preceding 3 years were timely;

F. The taxpayer has supplied substantial authority justifying the failure to file or pay; or

G. The amount subject to a penalty imposed by ~~subsection~~subsection 1, 2 and 4-A; and subsection or 5-A is de minimis when considered in relation to the amount otherwise properly paid, the reason for the failure to file or pay and the taxpayer's compliance history.

The Absent a determination by the assessor that grounds constituting reasonable cause are otherwise apparent, the burden of establishing grounds for waiver or abatement is on the taxpayer.

PART M

Sec. M-1. 36 MRSA §4062, sub-§1-A, ¶A, as amended by PL 2009, c. 213, Pt. E, §1 and affected by §6, is further amended to read:

A. For the estates of decedents dying after December 31, 2002, "federal credit" means the maximum credit against the tax on the federal taxable estate for state death taxes determined under the Code, Section 2011 as of December 31, 2002 exclusive of the reduction of the maximum credit contained in the Code, Section 2011(b)(2); the period of limitations under the Code, Section 2011(c); and the termination provision contained in the Code, Section 2011(f). The state death tax deduction contained in the Code, Section 2058 must be disregarded. ~~The unified credit must be determined under the Code, Section 2010 as of December 31, 2000.~~ The termination provision contained in the Code, Section 2210 must be disregarded. Notwithstanding any other provision of this Title to the contrary, the tax determined by this chapter for estates of decedents dying after December 31, 2009 must be determined in accordance with the law applicable to decedents dying during calendar year 2009 and as if the unified credit determined under the Code, Section 2010 is calculated upon an applicable exclusion amount of \$2,000,000; and

Sec. M-2. Application. This Part applies to estates of decedents dying on or after January 1, 2013.

PART N

Sec. N-1. 36 MRSA §5111, sub-§1-B, as enacted by PL 1999, c. 731, Pt. T, §3, is amended to read:

1-B. Single individuals and married persons filing separate returns; tax years beginning 2002. For tax years beginning on or after January 1, 2002, for single individuals and married persons filing separate returns, except that for tax years beginning on or after January 1, 2013, the 8.5% rate is reduced to 7.95%:

If Maine Taxable income is:

The tax is:

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General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper
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Less than \$4,200	2% of the Maine taxable income
At least \$4,200 but less than \$8,350	\$84 plus 4.5% of the excess over \$4,200
At least \$8,350 but less than \$16,700	\$271 plus 7% of the excess over \$8,350
\$16,700 or more	\$856 plus 8.5% of the excess over \$16,700

Sec. N-2. 36 MRSA §5111, sub-§2-B, as enacted by PL 1999, c. 731, Pt. T, §5, is amended to read:

2-B. Heads of households; tax years beginning 2002. For tax years beginning on or after January 1, 2002, for unmarried individuals or legally separated individuals who qualify as heads of households, except that for tax years beginning on or after January 1, 2013, the 8.5% rate is reduced to 7.95%:

If Maine Taxable income is:	The tax is:
Less than \$6,300	2% of the Maine taxable income
At least \$6,300 but less than \$12,500	\$126 plus 4.5% of the excess over \$6,300
At least \$12,500 but less than \$25,050	\$405 plus 7% of the excess over \$12,500
\$25,050 or more	\$1,284 plus 8.5% of the excess over \$25,050

Sec. N-3. 36 MRSA §5111, sub-§3-B, as enacted by PL 1999, c. 731, Pt. T, §7, is amended to read:

3-B. Individuals filing married joint return or surviving spouses; tax years beginning 2002. For tax years beginning on or after January 1, 2002, for individuals filing married joint returns or surviving spouses permitted to file a joint return, except that for tax years beginning on or after January 1, 2013, the 8.5% rate is reduced to 7.95%:

If Maine Taxable income is:	The tax is:
Less than \$8,400	2% of the Maine taxable income
At least \$8,400 but less than \$16,700	\$168 plus 4.5% of the excess over \$8,400
At least \$16,700 but less than \$33,400	\$542 plus 7% of the excess over \$16,700
\$33,400 or more	\$1,711 plus 8.5% of the excess over \$33,400

Sec. N-4. 36 MRSA §5124-A, first ¶, as amended by PL 2009, c. 213, Pt. BBBB, §9 and affected by §17, is further amended to read:

The standard deduction of a resident individual is equal to the standard deduction as determined in accordance with the Code, Section 63, ~~exclusive of the Code, Section 63(e)(1)(C) and Section 63(e)(1)(E)~~, except that for tax years beginning after 2002, the Code, Section 63(e)(2) must be applied as if the basic standard deduction is \$5,000 in the case of a joint return and a surviving spouse and \$2,500 in the case of a married individual filing a separate return.

Sec. N-5. 36 MRSA §5125, sub-§3, ¶D, as amended by PL 2007, c. 539, Pt. CCC, §9, is further amended to read:

D. Reduced by any amount attributable to interest or expenses incurred in the production of income exempt from tax under this Part; and

Sec. N-6. 36 MRSA §5125, sub-§3, ¶E, as amended by PL 2007, c. 539, Pt. CCC, §10, is further amended to read:

E. Reduced by the amount attributable to any contribution that qualified for and was actually utilized as a credit under section 5216-C; ~~and.~~

Sec. N-7. 36 MRSA §5125, sub-§3, ¶F, as enacted by PL 2007, c. 539, Pt. CCC, §11, is repealed.

Sec. N-8. 36 MRSA §5126, first ¶, as amended by PL 2001, c. 583, §16, is further amended to read:

For income tax years beginning on or after January 1, 1998 but before January 1, 1999, a resident individual is allowed \$2,400 for each exemption that the individual properly claims for the taxable year for federal income tax purposes, unless the taxpayer is claimed as a dependent on another return. For income tax years beginning on or after January 1, 1999 but before January 1, 2000, a resident individual is allowed \$2,750 for each exemption that the individual properly claims for the taxable year for federal income tax purposes, unless the taxpayer is claimed as a dependent on another return. For income tax years beginning on or after January 1, 2000 but before January 1, 2012, a resident individual is allowed \$2,850 for each exemption that the individual properly claims for the taxable year for federal income tax purposes, unless the taxpayer is claimed as a dependent on another return. For income tax years beginning on or after January 1, 2012, a resident individual is allowed a deduction equal to the total amount of deductions allowed for personal exemptions in accordance with the Code, Section 151.

Sec. N-9. 36 MRSA §5203-C, sub-§2, ¶A, as enacted by PL 2003, c. 673, Pt. JJ, §3 and affected by §6, is amended to read:

A. Resident individuals, trusts and estates. The tax imposed by this subsection does not apply to resident individuals, trusts and estates for tax years beginning on or after January 1, 2012;

Sec. N-10. 36 MRSA §5203-C, sub-§2, ¶B, as enacted by PL 2003, c. 673, Pt. JJ, §3 and affected by §6, is amended to read:

B. Nonresident individuals, trusts and estates with Maine-source income. The tax imposed by this subsection does not apply to nonresident individuals, trusts and estates for tax years beginning on or after January 1, 2012; and

Sec. N-11. 36 MRSA §5203-C, sub-§4, ¶B, as enacted by PL 2003, c. 673, Pt. JJ, §3 and affected by §6, is amended to read:

B. The credit allowable for a taxable year under this subsection is limited to the amount, if any, by which the regular income tax after application of all other credits arising under this Part exceeds the tentative minimum tax. In any year when the tax under this section does not apply, the tentative minimum tax is disregarded for purposes of calculating the credit limitation.

Sec. N-12. 36 MRSA §5204, as amended by PL 1987, c. 772, §38, is repealed.

Sec. N-13. 36 MRSA §5204-A, as amended by PL 1993, c. 395, §20, is repealed.

Sec. N-14. Application. Unless otherwise indicated, this Part applies to income tax years beginning on or after January 1, 2012.

PART O

Sec. O-1. 36 MRSA §5122, sub-§1, ¶N, as amended by PL 2007, c. 240, Pt. CCC, §2 and affected by §4, is further amended to read:

N. With respect to property placed in service during the taxable year, an amount equal to the net increase in depreciation or expensing attributable to:

(1) For taxable years beginning on or after January 1, 2002 but prior to January 1, 2006, a 30% bonus depreciation deduction claimed by the taxpayer pursuant to Section 101 of the federal Job Creation and Worker Assistance Act of 2002, Public Law 107-147 with respect to property placed in service during the taxable year;

(2) For taxable years beginning on or after January 1, 2002 but prior to January 1, 2006, a 50% bonus depreciation deduction claimed by the taxpayer pursuant to Section 201 of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003, Public Law 108-27 with respect to property placed in service during the taxable year; and

(3) For taxable years beginning on or after January 1, 2003 but prior to January 1, 2011, the increase in aggregate cost under Section 179 of the Code arising from amendments to the Code applicable to tax years beginning on or after January 1, 2003;

Sec. O-2. 36 MRSA §5122, sub-§1, ¶AA, as amended by PL 2009, c. 213, Pt. BBBB, §3, is further amended to read:

AA. For taxable years beginning on or after January 1, 2008 but prior to January 1, 2011, an amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) arising from amendments to the Code applicable to taxable years beginning on or after January 1, 2008;

Sec. O-3. 36 MRSA §5200-A, sub-§1, ¶N, as amended by PL 2007, c. 240, Pt. CCC, §3 and affected by §4, is further amended to read:

N. With respect to property placed in service during the taxable year, an amount equal to the net increase in depreciation or expensing attributable to:

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(1) For taxable years beginning on or after January 1, 2002 but prior to January 1, 2006, a 30% bonus depreciation deduction claimed by the taxpayer pursuant to Section 101 of the federal Job Creation and Worker Assistance Act of 2002, Public Law 107-147 with respect to property placed in service during the taxable year;

(2) For taxable years beginning on or after January 1, 2002 but prior to January 1, 2006, a 50% bonus depreciation deduction claimed by the taxpayer pursuant to Section 201 of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003, Public Law 108-27 with respect to property placed in service during the taxable year; and

(3) For taxable years beginning on or after January 1, 2003 but prior to January 1, 2011, the increase in aggregate cost under Section 179 of the Code arising from amendments to the Code applicable to tax years beginning on or after January 1, 2003;

Sec. O-4. 36 MRSA §5200-A, sub-§1, ¶T, as repealed and replaced by PL 2009, c. 652, Pt. A, §53, is amended to read:

T. For taxable years beginning on or after January 1, 2008 but prior to January 1, 2011, an amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) arising from amendments to the Code applicable to taxable years beginning on or after January 1, 2008;

Sec. O-5. Application. This Part applies to tax years beginning on or after January 1, 2011.

PART P

Sec. P-1. 36 MRSA §6207, sub-§1, ¶B, as enacted by PL 2009, c. 213, Pt. XXX, §2, is amended to read:

B. For application periods beginning on August 1, 2009 ~~and on~~, August 1, 2010, August 1, 2011 and August 1, 2012, the benefit is limited to 80% of the amount determined under paragraph A-1.

PART Q

Sec. Q-1. 36 MRSA §6652, sub-§4, as amended by PL 2009, c. 496, §28, is further amended to read:

4. Reimbursement percentage. The reimbursement under this chapter is an amount equal to the percentage specified in paragraphs A and B of taxes assessed and paid with respect to each item of eligible property, except that for claims filed for application periods that begin on August 1, 2006, August 1, 2009 ~~or~~, August 1, 2010, August 1, 2011 or August 1, 2012 the reimbursement is 90% of that amount.

A. For each of the first to 12th years for which reimbursement is made, the percentage is 100%.

B. Pursuant to section 699, subsection 2, reimbursement under this chapter after the 12th year for which reimbursement is made is according to the following percentages of taxes assessed and paid with respect to each item of eligible property.

- (1) For the 13th year for which reimbursement is made, the percentage is 75%.
- (2) For the 14th year for which reimbursement is made, the percentage is 70%.
- (3) For the 15th year for which reimbursement is made, the percentage is 65%.
- (4) For the 16th year for which reimbursement is made, the percentage is 60%.
- (5) For the 17th year for which reimbursement is made, the percentage is 55%.
- (6) For the 18th year for which reimbursement is made and for subsequent years, the percentage is 50%.

PART R

Sec. R-1. 36 MRSA §3321, sub-§5 is enacted to read:

5. Repeal. This section is repealed January 1, 2012.

PART S

Sec. S-1. 5 MRSA §17701-B, as amended by PL 2007, c. 491, §104, is further amended to read:

§ 17701-B. Member contributions on and after July 1, 1993

Notwithstanding sections 17701 and 17701-A, on and after July 1, 1993 all members shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 7.65% and, beginning on or after July 1, 2011, at a rate of 9.65% of earnable compensation except as otherwise provided in this Part.

Sec. S-2. 5 MRSA §17702, sub-§6, as amended by PL 2007, c. 491, §107, is further amended to read:

6. Member contributions on and after July 1, 1993. On and after July 1, 1993 all members whose contributions are paid by the State in lieu of the member contribution shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 1.15% and, beginning on or after July 1, 2011, at a rate of 3.15% of earnable compensation in addition to the amount paid by the State.

Sec. S-3. 5 MRSA §17708-A, as amended by PL 2007, c. 491, §118, is further amended to read:

§ 17708-A.State Police; members hired after July 1, 1992

Notwithstanding section 17708, a state police officer hired after July 1, 1992 shall contribute to the State Employee and Teacher Retirement Program at a rate of 1% and, beginning on or after July 1, 2011, at a rate of 3% of earnable compensation in addition to the contribution required under section 17708.

Sec. S-4. 5 MRSA §17708-B, as amended by PL 2007, c. 491, §119, is further amended to read:

§ 17708-B.State Police; contributions on and after July 1, 1993

Notwithstanding sections 17708 and 17708-A, on and after July 1, 1993 a state police officer shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 1.15% and, beginning on or after July 1, 2011, at a rate of 3.15% of earnable compensation in addition to the contributions required under section 17708.

Sec. S-5. 5 MRSA §17709-A, as amended by PL 2007, c. 491, §121, is further amended to read:

§ 17709-A.Inland fisheries and wildlife officers; members hired after July 1, 1992

Notwithstanding section 17709, a law enforcement officer in the Department of Inland Fisheries and Wildlife hired after July 1, 1992 shall contribute to the State Employee and Teacher Retirement Program at a rate of 1% and, beginning on or after July 1, 2011, at a rate of 3% of earnable compensation in addition to the contribution required under section 17709.

Sec. S-6. 5 MRSA §17709-B, as amended by PL 2007, c. 491, §122, is further amended to read:

§ 17709-B.Inland fisheries and wildlife officers; contributions on and after July 1, 1993

Notwithstanding sections 17709 and 17709-A, on and after July 1, 1993 a law enforcement officer in the Department of Inland Fisheries and Wildlife who is subject to section 17709 shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 1.15% and, beginning on or after July 1, 2011, at a rate of 3.15% of earnable compensation in addition to the contributions required under section 17709.

Sec. S-7. 5 MRSA §17710-A, as amended by PL 2007, c. 491, §124, is further amended to read:

§ 17710-A.Marine resources officers; members hired after July 1, 1992

Notwithstanding section 17710, a law enforcement officer in the Department of Marine Resources hired after July 1, 1992 shall contribute to the State Employee and Teacher Retirement Program at a rate of 1% and, beginning on or after July 1, 2011, at a rate of 3% of earnable compensation in addition to the contribution required under section 17710.

Sec. S-8. 5 MRSA §17710-B, as amended by PL 2007, c. 491, §125, is further amended to read:

§ 17710-B.Marine resources officers; contributions on and after July 1, 1993

Notwithstanding sections 17710 and 17710-A, on and after July 1, 1993 a law enforcement officer in the Department of Marine Resources who is subject to section 17710 shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 1.15% and, beginning on or after July 1, 2011, at a rate of 3.15% of earnable compensation in addition to the contributions required under section 17710.

Sec. S-9. 5 MRSA §17711-A, as amended by PL 2007, c. 491, §127, is further amended to read:

§ 17711-A.Forest rangers; members hired after July 1, 1992

Notwithstanding section 17711, a forest ranger in the Department of Conservation, Bureau of Forestry hired after July 1, 1992 shall contribute to the State Employee and Teacher Retirement Program at a rate of 1% and, beginning on or after July 1, 2011, at a rate of 3% of earnable compensation in addition to the contribution required under section 17711.

Sec. S-10. 5 MRSA §17711-B, as amended by PL 2007, c. 491, §128, is further amended to read:

§ 17711-B.Forest rangers; contributions on and after July 1, 1993

Notwithstanding sections 17711 and 17711-A, on and after July 1, 1993 a forest ranger in the Department of Conservation, Bureau of Forestry who is subject to section 17711 shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 1.15% and, beginning on or after July 1, 2011, at a rate of 3.15% of earnable compensation in addition to the contributions required under section 17711.

Sec. S-11. 5 MRSA §17712-A, as amended by PL 2007, c. 491, §130, is further amended to read:

§ 17712-A.Maine State Prison employees; members hired after July 1, 1992

Notwithstanding section 17712, an employee of the Maine State Prison who holds a position described in section 17851, subsection 11 and who is hired after July 1, 1992 shall contribute to the State Employee and Teacher Retirement Program at a rate of 1% and, beginning on or after July 1, 2011, at a rate of 3% of earnable compensation in addition to the contribution required under section 17712.

Sec. S-12. 5 MRSA §17712-B, as amended by PL 2007, c. 491, §131, is further amended to read:

§ 17712-B.Maine State Prison employees; contributions on and after July 1, 1993

Notwithstanding sections 17712 and 17712-A, on and after July 1, 1993 an employee of the Maine State Prison who holds a position described in section 17851, subsection 11 shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 1.15% and, beginning on or after July 1, 2011, at a rate of 3.15% of earnable compensation in addition to the contributions required under section 17712.

Sec. S-13. 5 MRSA §17851-A, sub-§5, as amended by PL 2007, c. 491, §157, is further amended to read:

5. Contributions. Notwithstanding any other provision of subchapter 3, after June 30, 1998 and before September 1, 2002 for employees identified in subsection 1, paragraphs A and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C to H; after December 31, 1999 for employees identified in subsection 1, paragraphs I to K; after December 31, 2001 for employees identified in subsection 1, paragraph L; and after June 30, 2002 for employees identified in subsection 1, paragraph M, a member in the capacities specified in subsection 1 ~~must~~shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at the rate of 8.65% of earnable compensation until the member has completed 25 years of creditable service as provided in this section and at the rate of 7.65% thereafter; except that, notwithstanding any other provision of subchapter 3, after June 30, 2011, for employees identified in subsection 1, a member in the capacities specified in subsection 1 shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at the rate of 10.65% of earnable compensation until the member has completed 25 years of creditable service as provided in this section and at a rate of 9.65% thereafter.

Sec. S-14. 5 MRSA §17851-A, sub-§6, as amended by PL 2007, c. 491, §158, is further amended to read:

6. Consequences of participation in retirement plan under section 17851, subsection 5-A, 6-A or 8-A. Notwithstanding any other provision of law, a member in the capacities specified in subsection 1 who, prior to July 1, 1998 elected the retirement option provided in section 17851, subsection 5-A, 6-A or 8-A is treated as follows under the 1998 Special Plan.

A. A member who made the election at the time of first employment in a position covered under section 17851, subsection 5-A, 6-A and 8-A is considered to be a member under the 1998 Special Plan as of the date of hire. Beginning July 1, 1998, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter; except that, beginning July 1, 2011, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 10.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 9.65% thereafter.

B. A member who was serving in a position covered under section 17851, subsection 5-A, 6-A or 8-A at the time of the election and who elected to participate in the retirement option prospectively from the time of election is considered to be a member under the 1998 Special Plan as of the effective date of the election. Beginning July 1, 1998, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter; except that, beginning July 1, 2011, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 10.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 9.65% thereafter.

C. A member who was serving in a position covered under section 17851, subsection 5-A, 6-A or 8-A at the time of the election and who elected to participate in the retirement option prospectively from the time of election and also elected to purchase credit for service earned while serving in the same capacity before exercising the election is considered to be a member under the 1998 Special Plan as of the beginning date of the service for which credit is purchased, provided that all of the payments required under section 17852, subsection 5-A, 6-A or 7-A are made before retirement. If all the required payments are not made before retirement, that member is considered to be a member under the 1998 Special Plan as of the effective date of the election. Beginning July 1, 1998, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter; except that, beginning July 1, 2011, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 10.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 9.65% thereafter.

Employee contributions and actuarial and administrative costs paid to the State Employee and Teacher Retirement Program by a member covered by this subsection may not be returned to that member, except that these employee contributions may be refunded to a member who terminates service and requests a refund under section 17705-A.

Sec. S-15. 5 MRSA §17851-A, sub-§6-A, as amended by PL 2007, c. 491, §159, is further amended to read:

6-A. Consequences of participation in retirement plan under section 17851, subsection 12 or 13. A member in the capacities specified in subsection 1, paragraphs J and K who, prior to January 1, 2000, elected the retirement option provided in section 17851, subsection 12 or 13 is treated as follows under the 1998 Special Plan.

A. A member who made the election at the time of first employment in a position covered under section 17851, subsection 12 or 13 is considered to be a member under the 1998 Special Plan as of the date of hire. Beginning January 1, 2000, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter; except that, beginning July 1, 2011, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 10.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 9.65% thereafter.

B. A member who was serving in a position covered under section 17851, subsection 12 or 13 at the time of the election and who elected to participate in the retirement option prospectively from the time of election is considered to be a member under the 1998 Special Plan as of the effective date of the election. Beginning January 1, 2000, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall

contribute at a rate of 7.65% thereafter.; except that, beginning July 1, 2011, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 10.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 9.65% thereafter.

C. A member who was serving in a position covered under section 17851, subsection 12 or 13 at the time of the election and who elected to participate in the retirement option prospectively from the time of election and also elected to purchase credit for service earned while serving in the same capacity before exercising the election is considered to be a member under the 1998 Special Plan as of the beginning date of the service for which credit is purchased, as long as all of the payments required under section 17852, subsection 12 or 13 are made before retirement. If all the required payments are not made before retirement, that member is considered to be a member under the 1998 Special Plan as of the effective date of the election. Beginning January 1, 2000, for employees identified in subsection 1, paragraphs J and K, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter.; except that, beginning July 1, 2011, a member covered by this paragraph shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made at a rate of 10.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 9.65% thereafter.

Employee contributions and actuarial and administrative costs paid to the State Employee and Teacher Retirement Program by a member covered by this subsection may not be returned to that member, except that these employee contributions may be refunded to a member who terminates service and requests a refund under section 17705-A.

Sec. S-16. Calculation and transfer of funds; savings from increased employee retirement contributions. Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, the State Budget Officer shall calculate the amount of savings that applies against each account for departments and agencies statewide that have occurred as a result of the change in employee retirement contributions authorized in this Part. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor on or before January 15, 2012. These transfers are considered adjustments to appropriations and allocations in fiscal years 2011-12 and 2012-13.

PART T

Sec. T-1. 5 MRSA §17851, sub-§1-D is enacted to read:

1-D. Member in service at retirement; fewer than 5 years creditable service on July 1, 2011. A member who on July 1, 2011 had neither 5 years of creditable service nor had reached 62 years of age with one year of creditable service immediately before July 1, 2011 who is in service at retirement qualifies for a service retirement benefit if the member retires upon or after reaching 65 years of age and has been in service for a minimum of one year immediately before retirement or

has at least 5 years of creditable service, which, for the purpose of determining completion of the 5-year requirement, may include creditable service as a member of the Legislative Retirement Program under Title 3, section 701, subsection 8.

When a member has met the creditable service requirements set out in this subsection for eligibility to receive a service retirement benefit under this subsection, the creditable service and age requirements of this subsection may not be increased for that member.

Sec. T-2. 5 MRSA §17851, sub-§2-D is enacted to read:

2-D. Member not in service at retirement; fewer than 5 years creditable service on July 1, 2011. A member who on July 1, 2011 did not have 5 years of creditable service and who is not in service at retirement qualifies for a service retirement benefit if the member retires upon or after reaching 65 years of age and has at least 5 years of creditable service, which, for the purpose of determining completion of the 5-year requirement, may include creditable service as a member of the Legislative Retirement Program under Title 3, section 701, subsection 8.

When a member has met the creditable service requirement set out in this subsection for eligibility to receive a service retirement benefit under this subsection, the creditable service and age requirements of this subsection may not be increased for that member.

Sec. T-3. Calculation and transfer of funds; savings from increase in normal retirement age. Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, the State Budget Officer shall calculate the amount of savings that applies against each account for departments and agencies statewide that has occurred as a result of the increase in the normal retirement age as authorized in this Part. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor on or before January 15, 2011. These transfers are considered adjustments to appropriations and allocations in fiscal years 2011-12 and 2012-13.

PART U

Sec. U-1. 4 MRSA §1358, sub-§1, as amended by PL 2009, c. 473, §§1 and 2, is repealed and the following enacted in its place:

1. Cost-of-living adjustments. Except as provided in subsection 2, paragraph A, retirement allowances under this chapter must be adjusted on the same basis as provided for members of the State Employee and Teacher Retirement Program by Title 5, section 17806.

Sec. U-2. 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%~~2%.

Sec. U-3. 5 MRSA §17806, sub-§1, ¶B, as amended by PL 1989, c. 557, is further amended to read:

B. Whenever the annual percentage increase in the Consumer Price Index from July 1st to June 30th exceeds ~~4%~~2%, the board shall make whatever adjustments in the retirement benefits are necessary to reflect an annual increase of ~~4%~~2% and shall submit a supplemental budget request to the Governor for the additional funds that would be required to make adjustments in the retirement benefits to reflect the actual increase in the Consumer Price Index. The request ~~shall~~must include a report stating the cost of the ~~4%~~2% increase, the actual percentage increase in the Consumer Price Index and the percentage adjustments granted during the previous 5 years. The board shall make an additional adjustment in the retirement benefits in the month following the appropriation only in that amount.

Sec. U-4. Cost-of-living increase to retirement benefits. Notwithstanding the Maine Revised Statutes, Title 4, section 1358, subsection 1 and Title 5, section 17806, subsection 1, paragraphs A and B or any other provision of law to the contrary, retirement benefits may not be adjusted pursuant to Title 4, section 1358, subsection 1 and Title 5, section 17806, subsection 1, paragraphs A and B to reflect any cost-of-living increase that would otherwise begin in September 2011, September 2012 or September 2013.

Sec. U-5. Calculation and transfer of funds; retiree cost-of-living adjustment savings. Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law to the contrary, the State Budget Officer shall calculate the amount of savings in this Act that applies against each account for departments and agencies statewide that has occurred as a result of the changes to retiree cost-of-living provisions authorized in this Part. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor on or before January 15, 2012. These transfers are considered adjustments to appropriations and allocations in fiscal years 2011-12 and 2012-13.

PART V

Sec. V-1. 5 MRSA §285, sub-§7, ¶G, as enacted by PL 2009, c. 213, Pt. GG, §1, is amended to read:

G. For persons who were first employed before July 1, 1991, the State shall pay up to 100% of only the retiree's share of the premiums for the standard plan identified and offered by the commission and available to the retiree, as authorized by the commission for persons who were previously eligible for this health plan pursuant to subsection 1, paragraph A and who have subsequently become eligible pursuant to subsection 1, paragraph G.

Sec. V-2. 5 MRSA §285, sub-§7, ¶H, as enacted by PL 2009, c. 213, Pt. GG, §1, is amended to read:

H. For persons who were first employed by the State after July 1, 1991, the State shall pay a pro rata share portion of only the retiree's share of the premiums for the standard plan identified and offered by the commission and available to the retiree, as authorized by the commission for persons who

were previously eligible for this health plan pursuant to subsection 1, paragraph A and who have subsequently become eligible pursuant to subsection 1, paragraph G based on the total number of years of participation in the group health plan prior to retirement as follows:

(1) For an employee with 10 or more years of participation, the state portion is up to 100% of the group health plan premium.

(2) For an employee with at least 9 but less than 10 years of participation, the state portion is up to 90% of the group health plan premium.

(3) For an employee with at least 8 but less than 9 years of participation, the state portion is up to 80% of the group health plan premium.

(4) For an employee with at least 7 but less than 8 years of participation, the state portion is up to 70% of the group health plan premium.

(5) For an employee with at least 6 but less than 7 years of participation, the state portion is up to 60% of the group health plan premium.

(6) For an employee with at least 5 but less than 6 years of participation, the state portion is up to 50% of the group health plan premium.

(7) For an employee with less than 5 years of participation, there is no contribution by the State.

Sec. V-3. 5 MRSA §285, sub-§7, ¶I is enacted to read:

I. For persons who were first employed by the State after July 1, 2001, the State shall pay a pro rata share portion of only the retiree's share of the premiums for the standard plan identified and offered by the commission and available to the retiree, as authorized by the commission for persons who were previously eligible for this health plan pursuant to subsection 1, paragraph A and who have subsequently become eligible pursuant to subsection 1, paragraph G based on the total number of years of participation in the group health plan prior to retirement as follows.

(1) For an employee with at least 20 years of participation, the state portion is up to 100% of the group health plan premium.

(2) For an employee with at least 15 but less than 20 years of participation, the state portion is up to 75% of the group health plan premium.

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(3) For an employee with at least 10 but less than 15 years of participation, the state portion is up to 50% of the group health plan premium.

(4) For an employee with less than 10 years of participation, there is no contribution by the State.

Sec. V-4. 5 MRSA §285, sub-§7, ¶J is enacted to read:

J. Beginning July 1, 2011, the State shall pay a share of the retiree's share of the premiums as identified in paragraph H or I as applicable for the standard plan identified and offered by the commission as follows.

(1) For a retiree whose annual public employee retirement benefit is projected to be less than or equal to \$30,000 on July 1st of the state fiscal year for which the premium contribution is being determined, the State shall pay 95% of the individual premium for the standard plan identified and offered by the commission and available to the employee as authorized by the commission.

(2) For a retiree whose annual public employee retirement benefit is projected to be greater than \$30,000 and less than \$80,000 on July 1st of the state fiscal year for which the premium contribution is being determined, the State shall pay 90% of the individual premium for the standard plan identified and offered by the commission and available to the employee as authorized by the commission.

(3) For a retiree whose annual public employee retirement benefit is projected to be \$80,000 or greater on July 1st of the state fiscal year for which the premium contribution is being determined, the State shall pay 85% of the individual premium for the standard plan identified and offered by the commission and available to the employee as authorized by the commission.

Sec. V-5. 5 MRSA §285, sub-§7, ¶K is enacted to read:

K. For a retiree who is restored to service after reaching the normal retirement age, while that retiree is in service, beginning July 1, 2011, except as provided in subsection 7-A, the State shall pay a share of the retiree's share of the premium as applicable for the standard plan identified and offered by the commission as follows.

(1) For a retiree whose combined annual public employee retirement benefit and base annual rate of pay is projected to be less than or equal to \$30,000 on July 1st of the state fiscal year for which the premium contribution is being determined, the State shall pay 95% of the individual premium for the standard plan identified and offered by the commission and available to the employee as authorized by the commission.

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(2) For a retiree whose combined annual public employee retirement benefit and base annual rate of pay is projected to be greater than \$30,000 and less than \$80,000 on July 1st of the state fiscal year for which the premium contribution is being determined, the State shall pay 90% of the individual premium for the standard plan identified and offered by the commission and available to the employee as authorized by the commission.

(3) For a retiree whose combined annual public employee retirement benefit and base annual rate of pay is projected to be \$80,000 or greater on July 1st of the state fiscal year for which the premium contribution is being determined, the State shall pay 85% of the individual premium for the standard plan identified and offered by the commission and available to the employee as authorized by the commission.

Sec. V-6. 5 MRSA §285, sub-§7, ¶L is enacted to read:

L. For persons who retire on or after January 1, 2012 under section 17851, subsections 1-B, 1-C, 2-B, 2-C and 3, there is no contribution by the State toward the retiree's share of the premium for the standard plan identified and offered by the commission until the retiree reaches 65 years of age.

Sec. V-7. 5 MRSA §285, sub-§7, ¶M is enacted to read:

M. For the fiscal years ending June 30, 2012 and June 30, 2013, the total premium increase for health insurance for active and retired employees may not exceed the funding level for the fiscal year ending June 30, 2011. For the fiscal years ending June 30, 2014 and thereafter, the total premium increase may not exceed 4% more than the funding level for the immediately preceding fiscal year.

Sec. V-8. Calculation and transfer of funds; retiree health insurance.

Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, the State Budget Officer shall calculate the amount of savings in this Act that applies against each account for departments and agencies statewide that have occurred as a result of the increased contributions by retirees to health insurance premiums authorized in this Part. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor on or before January 15, 2012. These transfers are considered adjustments to appropriations and allocations in fiscal years 2011-12 and 2012-13.

Sec. V-9. Calculation and transfer of funds; health insurance. Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, the State Budget Officer shall calculate the amount of savings in this Act that applies against each account for departments and agencies statewide that have occurred as a result of the increased contributions by employees to health insurance premiums authorized in this Part. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor on or before January 15, 2012. These transfers are considered adjustments to appropriations and allocations in fiscal years 2011-12 and 2012-13.

Sec. V-10. Effective date. Those sections of this Part that amend the Maine Revised Statutes, Title 5, section 285, subsection 7, paragraphs G and H and that enact Title 5, section 285, subsection 7, paragraphs I to M take effect July 1, 2011.

PART W

Sec. W-1. 20-A MRSA §13451, sub-§1-A is enacted to read:

1-A. Access to group plan; Medicare-eligible retirees. Any person otherwise eligible for group accident and sickness or health insurance pursuant to subsection 2 who is eligible for Medicare must enroll in the group health plan administered under Title 5, section 285 in order to be eligible for payment by the State as provided in subsection 3.

Sec. W-2. 20-A MRSA §13451, sub-§2, as amended by PL 2001, c. 439, Pt. PP, §1 and PL 2007, c. 58, §3, is further amended to read:

2. Eligibility; retired teacher members. Any retired teacher who receives a retirement benefit from the ~~Maine Public Employees~~State Employee and Teacher Retirement System~~Program~~ is eligible for group accident and sickness or health insurance, provided that the retired teacher has a minimum of 510 years creditable service and also meets the eligibility requirements for participation imposed by the group plan that governed the teacher last as an active teacher and participated in the plan for one year immediately prior to retirement or October 1, 1987, whichever comes last. Retired teachers may not be required to maintain a dues-paying membership in any organization as a requirement for participation in a group health insurance plan under this subsection.

Sec. W-3. 20-A MRSA §13451, sub-§3, as amended by PL 2005, c. 12, Pt. X, §1 and amended by c. 457, Pt. TT, §§1 and 2, is further amended to read:

3. Payment by State. The State shall pay a percentage of the retired teacher members' share of this insurance according to the following schedule:

- A. Thirty percent until July 1, 2002;
- B. Thirty-five percent from July 1, 2002 to July 31, 2003;
- C. Forty percent from August 1, 2003 to December 31, 2005; and
- D. Forty-five percent after December 31, 2005.

For a teacher who retires on or after January 1, 2012, the State shall begin paying the percentage of the retired teacher member's share pursuant to this subsection when the retiree reaches 65 years of age.

For the fiscal years ending June 30, 2012 and June 30, 2013, the State's total costs for retired teachers' health insurance premiums may not exceed the State's total costs for retired teachers' health insurance premiums for the fiscal year ending June 30, 2011. For the fiscal years ending June 30, 2014 and after, the State's total costs for retired teachers' health insurance premiums may not exceed 4% more than the State's total costs for retired teachers' health insurance premiums for the immediately preceding fiscal year.

Sec. W-4. Effective date. This Part takes effect July 1, 2011.

PART X

Sec. X-1. 5 MRSA §285, sub-§12, as enacted by PL 2003, c. 673, Pt. DDDD, §1 and amended by PL 2007, c. 58, §3, is repealed.

Sec. X-2. 5 MRSA §17801, as repealed and replaced by PL 1999, c. 489, §3, is repealed.

Sec. X-3. Application. Notwithstanding the Maine Revised Statutes, Title 1, section 302 or any other provision of law, this Part applies to all members of the State Employee and Teacher Retirement Program, regardless of whether or not they have met the creditable service requirement for eligibility to receive a service retirement benefit, and all those who are receiving retiree benefits, including but not limited to health insurance, by virtue of their membership in the State Employee and Teacher Retirement Program.

Sec. X-4. Effective date. This Part takes effect July 1, 2011.

PART Y

Sec. Y-1. 5 MRSA §286-B, as amended by PL 2009, c. 213, Pt. N, §1, is further amended to read:

§ 286-B. Irrevocable Trust Funds for Other Post-employment Benefits

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Retiree health benefits" means health benefits as determined from time to time by the State Employee Health Commission pursuant to section 285.

B. "Investment trust fund" means the Retiree Health Insurance Post-employment Benefits Investment Trust Fund established under section 17432.

C. "Irrevocable trust fundfunds" means the Irrevocable Trust FundFunds for Other Post-employment Benefits established under subsection 2. "Irrevocable trust funds" includes the state employee plan and the teacher plan.

D. "State employee plan" means the irrevocable trust fund established for eligible participants described in section 285, subsections 1-A and 11-A.

E. "Teacher plan" means the irrevocable trust fund established for eligible participants described in Title 20-A, section 13451, subsections 2, 2-A, 2-B and 2-C.

2. Establishment. The Irrevocable Trust FundFunds for Other Post-employment Benefits ~~is~~are established to meet the State's unfunded liability obligations for retiree health benefits. The state employee plan is established for eligible participants as described in section 285, subsections 1-A and 11-A who are the beneficiaries of the irrevocable trust fund and. The teacher plan is established for eligible participants, beginning July 1, 2011 for eligible participants, as described in Title 20-A, section 13451, subsections 2, 2-A, 2-B and 2-C who are the beneficiaries of the irrevocable trust fund. Funds appropriated for the

irrevocable trust fundfunds must be held in trust and must be invested or disbursed for the exclusive purpose of providing for retiree health benefits and may not be encumbered for, or diverted to, other purposes. Funds appropriated for the irrevocable trust fundfunds may not be diverted or deappropriated by any subsequent action.

Annually, beginning with the fiscal year starting July 1, 2007, the Legislature shall appropriate funds to meet the State's obligations under any group health plan, policy or contract purchased by the State Employee Health Commission to provide retiree health benefits pursuant to section 285, subsection 5 and, if applicable, to meet the State's obligations under any self-insured group health plan pursuant to section 285, subsection 9. Unfunded liabilities may not be created except those resulting from experience losses. Unfunded liability resulting from experience losses must be retired over a period not exceeding 10 years.

Annually, beginning with the fiscal year starting July 1, 2009, the Legislature shall appropriate funds that will retire, in 30 years or less from July 1, 2007, the unfunded liability for retiree health benefits for eligible participants as described in this section. The unfunded liability referred to in this section is that determined by the Department of Administrative and Financial Services, Office of the State Controller's actuaries and certified by the Commissioner of Administrative and Financial Services as of June 30, 2006.

3. Trustees. ~~The Treasurer of State and the State Controller shall serve as trustees of the irrevocable trust fundfunds are as follows.~~

~~A. The Treasurer of State and the State Controller shall serve as trustees of the state employee plan.~~

~~B. An independent, nongovernmental entity with a physical presence in the State selected by the Treasurer of State with the advice of the State Controller and municipal, school management and education associations pursuant to the process set forth in Title 5, chapter 155 shall serve as the trustee of the teacher plan.~~

4. Duties of the trustees. The trustees of the irrevocable trust fundfunds have the following duties.

A. The trustees of the irrevocable trust fundfunds shall calculate the funds necessary to fund the state employee health insurance program, including the unfunded liability as determined in accordance with subsection 2, on an actuarially sound basis and transmit those calculations to the State Budget Officer as required by chapter 149. The Legislature shall appropriate and transfer annually those funds the trustees of the irrevocable trust fundfunds determine to be necessary under this subsection to fund the state employee health insurance program on an actuarially sound basis, including a contribution to the irrevocable trust fundfunds.

B. The trustees of the irrevocable trust fundfunds biannually shall make, or cause to be made, valuations of the assets and liabilities of the state employee health insurance program. The trustees of the irrevocable trust fundfunds shall select an independent actuary to make annual valuations of the assets and liabilities of the state employee health insurance program on the basis of actuarial

assumptions adopted by the trustees of the irrevocable trust fundfunds. The actuary may not be an officer or employee of the State. The goal of the actuarial assumptions is to achieve a fully funded state employee health insurance program.

C. The trustees of the irrevocable trust fundfunds annually shall conduct, or cause to be conducted, an audit of the irrevocable trust fundfunds. The trustees of the irrevocable trust fundfunds shall select an independent auditor to perform the audit. The auditor may not be an officer or employee of the State.

D. The trustees of the irrevocable trust fundfunds shall make the final decision on all matters pertaining to administration, actuarial assumptions, actuarial recommendations, funding, payout schedule and long-term time horizon for the irrevocable trust fundfunds.

5. Investment of funds. The trustees of the investment trust fund are responsible for the investment and reinvestment of the funds appropriated to the irrevocable trust fundfunds and transferred to the investment trust fund in accordance with the Maine Uniform Trust Code and the Maine Uniform Prudent Investor Act under Title 18-B, subject to the guidelines set for the investment trust fund in section 17435.

6. Report to Legislature. The trustees of the irrevocable trust fundfunds shall make a written report to the joint standing committee of the Legislature having jurisdiction over appropriations matters and the joint standing committee of the Legislature having jurisdiction over labor matters on or before March 1st of each year that contains a discussion of any areas of policy or administration of the irrevocable trust fundfunds that, in the opinion of the trustees of the irrevocable trust fundfunds, should be brought to the attention of the joint standing committees; a discussion of the progress toward meeting the goals of this section; and a review of the status of the irrevocable trust fundfunds.

Sec. Y-2. Trust document. The Treasurer of State and the State Controller shall work with the Attorney General to draft an irrevocable trust document to govern the receipt, control, investment and disbursement of funds placed into the teacher plan under the Maine Revised Statutes, Title 5, section 286-B.

Sec. Y-3. Trustee selection. The Treasurer of State shall select the trustee for the teacher plan under the Maine Revised Statutes, Title 5, section 286-B with the advice of representatives from the Maine Municipal Association, the Maine School Management Association, the Maine Education Association and the State Controller, using the request for proposal bidding process set forth in Title 5, chapter 155.

PART Z

Sec. Z-1. Retirement incentive. The Commissioner of Administrative and Financial Services is authorized to offer a retirement incentive program to employees who are eligible to retire and who have reached their normal retirement age on or before July 1, 2011. Employees choosing to participate in this retirement incentive program must make application for participation in the manner specified by the commissioner between July 1, 2011 and August 15, 2011, with retirements effective August 31, 2011.

Sec. Z-2. Calculation and transfer of funds; savings from retirement incentive program. Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, the State Budget Officer shall calculate the amount of savings in the Statewide Retirement Incentive account in this Act that applies against each account for departments and agencies statewide that have occurred as a result of the retirement incentive program authorized in section 1. The State Budget Officer shall transfer the savings by financial order upon approval of the Governor on or before January 15, 2012. These transfers are considered adjustments to appropriations and allocations in fiscal years 2011-12 and 2012-13.

Sec. Z-3. Disposition of authorized positions vacated by retiring employees. Except as provided in this section, positions vacated by employees choosing to participate in the retirement incentive program authorized in section 1 must remain vacant from September 1, 2011 to June 30, 2013. Upon approval of the State Budget Officer, a vacated position may be filled to meet the operational needs of the department as long as a different vacated position that achieves comparable savings within the same fund is identified. The State Budget Officer shall report to the Joint Standing Committee on Appropriations and Financial Affairs on the numbers of the employees, by program, taking advantage of the retirement incentive program by September 1, 2012.

PART AA

Sec. AA-1. 34-A MRSA §1403, sub-§12 is enacted to read:

12. Transfer of funds. Notwithstanding Title 5, section 1585 or any other provision of law, the commissioner, upon recommendation of the State Budget Officer and approval of the Governor, is authorized to transfer by financial order All Other funding between accounts within the same fund for the purposes of paying food, heating and utility expenses.

PART BB

Sec. BB-1. Transfer of funds; overtime expenses. Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, the Department of Corrections, upon the recommendation of the State Budget Officer and approval of the Governor, is authorized to transfer, by financial order, Personal Services, All Other or Capital Expenditures funding between accounts within the same fund for the purposes of paying overtime expenses in fiscal years 2011-12 and 2012-13.

Sec. BB-2. Transfers and adjustments to position count. The Commissioner of Corrections shall review the current organizational structure to improve organizational efficiency and cost-effectiveness. Notwithstanding any other provision of law, the State Budget Officer shall transfer position counts and available balances by financial order upon approval of the Governor in order to achieve the purposes of this section.

PART CC

Sec. CC-1. PL 2005, c. 519, Pt. J, §11 is amended to read:

Sec. J-11. Maine Learning Technology Initiative program; evaluation for implementation in grades 7 to 12. Notwithstanding any other provision of law, the Commissioner of Education shall conduct a comprehensive review of the Maine Learning Technology Initiative and report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over education matters on the progress and results of the comprehensive review by February 15th of each year beginning on February 15, 2007. In conducting the comprehensive review, the Commissioner of Education shall:

1. ~~Contract~~ Through a competitive bidding process consistent with the Maine Revised Statutes, Title 5, chapter 155, subchapter 1-A contract with a statewide education policy research institute to validate the impact of the laptop program on student performance in achieving the content standards and performance indicators established by the statewide system of learning results established in the Maine Revised Statutes, Title 20-A, section 6209 utilizing valid, standardized assessment measures;

2. Identify high-need areas for improvements in learning and skills;

3. Provide targeted training and professional development of teachers at the 7th and 8th to 12th grade levels who participate in the laptop program;

4. Contract with a statewide education policy research institute to conduct a biennial audit to include an evaluation of costs, effectiveness and achievement outcomes of the Maine Learning Technology Initiative; and

5. Contract with a minimum of 3 external experts approved by a statewide education policy research institute advisory board to review and provide recommendations on the effectiveness of the Maine Learning Technology Initiative.

The Commissioner of Education, with advice from the advisory board established pursuant to Title 20-A, section 19109, shall submit a report that includes findings and recommendations, including suggested legislation to revise and update Title 20-A, chapters 606-B and 801, for presentation to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over education matters during the Second Regular Session of the 123rd Legislature no later than January 31, 2008 and, beginning January 31, 2012, by January 31st annually.

PART DD

Sec. DD-1. 22 MRSA c. 408-A, as amended, is repealed.

PART EE

Sec. EE-1. 5 MRSA §1824-A is enacted to read:

§ 1824-A. Statewide Capital Equipment Fund

1. Fund. The Statewide Capital Equipment Fund, referred to in this section as "the fund," is established as a program account in the General Fund within the Department of Administrative and Financial Services to provide a source of funding for the purchase of items of capital equipment that are emergency in nature and that were not funded or could not have been anticipated and included in the biennial or supplemental budget enacted pursuant to section 1666-A.

2. Use of fund. The fund may be used for the purchase of capital equipment, but may not be used to purchase motor vehicles, real property, information technology equipment or any single piece of equipment with a value of more than \$35,000.

3. Nonlapsing account. Any unexpended amounts remaining in the fund may not lapse but must be carried forward.

4. Application for funds. Departments and agencies seeking funding must submit a request to the Commissioner of Administrative and Financial Services upon forms provided by the Department of Administrative and Financial Services.

5. Transfer authority. Funds approved for equipment purchases may be transferred by financial order upon recommendation of the State Budget Officer and approval of the Governor.

PART FF

Sec. FF-1. 5 MRSA §3303, as amended by PL 1991, c. 837, Pt. A, §10, is repealed.

Sec. FF-2. 5 MRSA §3304, as amended by PL 2007, c. 656, Pt. C, §2, is repealed.

Sec. FF-3. Working group; development of implementing legislation. The Commissioner of Administrative and Financial Services shall convene a working group to develop proposed legislation that reflects the transfer of personnel, position counts and responsibilities from the Executive Department, State Planning Office to other departments and agencies of the State as set forth in section 4.

1. Members. The members of the working group are:

A. The Director of the State Planning Office within the Executive Department or the director's designee;

B. The Commissioner of Labor or the commissioner's designee;

C. The Commissioner of Public Safety or the commissioner's designee;

D. The Commissioner of Defense, Veterans and Emergency Management or the commissioner's designee;

E. The Commissioner of Conservation or the commissioner's designee;

F. The Commissioner of Economic and Community Development or the commissioner's designee;

G. The Commissioner of Marine Resources or the commissioner's designee; and

H. The Commissioner of Environmental Protection or the commissioner's designee.

2. Chair. The Commissioner of Administrative and Financial Services shall serve as the chair of the working group.

3. Staff. The Executive Department, State Planning Office and the Department of Administrative and Financial Services, Division of Financial and Personnel Services shall provide staff assistance to the working group.

4. Proposed legislation. The working group shall submit its proposed legislation to the Joint Standing Committee on Appropriations and Financial Affairs no later than December 1, 2011. After receipt and review of the proposal, the joint standing committee shall submit legislation to the Second Regular Session of the 125th Legislature to implement the transfer of duties and responsibilities from the Executive Department, State Planning Office to other departments and agencies of State Government.

Sec. FF-4. Transition. Notwithstanding any provision of law to the contrary, and pending enactment of legislation reassigning the duties and responsibilities of the Executive Department, State Planning Office to other departments and agencies of State Government pursuant to section 3, the following provisions apply.

1. All references to, responsibilities of and authority conferred upon the State Planning Office throughout the Maine Revised Statutes are deemed to refer to and vest in the executive branch.

2. Notwithstanding the provisions of the Maine Revised Statutes, Title 5, all accrued expenditures, assets, liabilities, balances of appropriations, allocations, position head count, transfers, revenues or other available funds in an account or subdivision of an account of the State Planning Office must be transferred to the proper accounts of the executive branch by the State Controller or by financial order upon the request of the State Budget Officer and with the approval of the Governor. Any such transfers made by financial order are considered adjustments to appropriations and allocations.

3. All rules of the State Planning Office that are in effect on the effective date of this Part remain in effect until rescinded, revised or amended.

4. All contracts, agreements and compacts of the State Planning Office that are in effect on the effective date of this Part remain in effect until they expire or are altered by the parties involved in the contracts or agreements.

5. All records of the State Planning Office must be transferred to the appropriate departments and agencies in the executive branch.

6. All property and equipment of the State Planning Office must be transferred to the appropriate departments and agencies in the executive branch as necessary to implement this Part.

7. Employees of departments or agencies within the State who were employees of the State Planning Office immediately prior to the effective date of this Part retain all their employee rights, privileges and benefits, including sick leave, vacation and seniority, provided under the Civil Service Law or collective bargaining agreements. The Department of Administrative and Financial Services, Bureau of Human Resources shall provide assistance to the affected departments and shall assist with the orderly implementation of this section.

Sec. FF-5. Effective date. Those sections of this Part that repeal the Maine Revised Statutes, Title 5, sections 3303 and 3304 take effect January 1, 2012.

PART GG

Sec. GG-1. Transfer of funds; Department of Inland Fisheries and Wildlife carrying account. On or before August 1, 2011, the State Controller shall transfer \$30,000 from the Inland Fisheries and Wildlife Carrying Balances - General Fund account to the Enforcement Operations program, General Fund account for the purchase of 2 replacement aircraft engines. On or before August 1, 2012, the State Controller shall transfer \$30,000 from the Inland Fisheries and Wildlife Carrying Balances - General Fund account to the Enforcement Operations program, General Fund account for the purchase of 2 replacement aircraft engines.

PART HH

Sec. HH-1. 12 MRSA §10202, sub-§9, as amended by PL 2009, c. 213, Pt. I, §1, is further amended to read:

9. Fiscal Stability Program. The Fiscal Stability Program is established to ensure that the general public and hunters and anglers share the cost of the fish and wildlife conservation programs of the department. To achieve this goal, beginning with the ~~2012-2013~~2014-2015 biennial budget and for each biennial budget thereafter, the biennial budget submitted by the executive branch must include an additional General Fund appropriation of 18% in excess of the department's requested biennial budget.

PART II

Sec. II-1. 8 MRSA §1036, sub-§2, ¶E, as amended by PL 2009, c. 462, Pt. H, §1, is further amended to read:

E. Ten percent of the net slot machine income must be forwarded by the board to the State Controller to be credited to the Fund for a Healthy Maine established by Title 22, section 1511 and segregated into a separate account under Title 22, section 1511, subsection 11, with the use of funds in the account restricted to the purposes described in Title 22, section 1511, subsection 6, paragraph E. For the fiscal years ending June 30, 2010, June 30, 2011 ~~and~~, June 30, 2012 and June 30, 2013, the amount credited annually by the State Controller to the Fund for a Healthy Maine under this paragraph may not exceed \$4,500,000 annually and any funds in excess of \$4,500,000 annually during these fiscal years must be credited as General Fund undedicated revenue;

Sec. II-2. 22 MRSA §1511, sub-§4, as enacted by PL 1999, c. 401, Pt. V, §1, is amended to read:

4. Restrictions. This section does not require the provision of services for the purposes specified in subsection 6. When allocations are made to direct services, services to lower income consumers must have priority over services to higher income consumers. ~~Allocations from the fund must be used to supplement, not supplant, appropriations from the General Fund.~~

Sec. II-3. 22 MRSA §1560-D, sub-§10, as enacted by PL 2007, c. 467, §3, is amended to read:

10. Transfers of funds. Notwithstanding any other provision of law, for fiscal years beginning on or after July 1, 2009 the State Controller shall transfer \$92,660 no later than June 30, 2010 and \$145,147 no later than June 30, 2011 from the Fund for a Healthy Maine to General Fund undedicated revenue.

~~For fiscal years beginning on or after July 1, 2011 the State Controller in consultation with the State Tax Assessor shall determine the General Fund revenue loss resulting from this section and transfer that amount at least annually from the Fund for a Healthy Maine to General Fund undedicated revenue.~~

PART JJ

Sec. JJ-1. 22 MRSA §4301, sub-§5, as enacted by PL 1983, c. 577, §1, is amended to read:

5. General assistance program. "General assistance program" means a service administered by a municipality for the immediate aid of persons who are unable to provide the basic necessities essential to maintain themselves or their families. A general assistance program provides a specific amount and type of aid for defined needs during a limited period of time and is not intended to be a continuing "grant-in-aid" or "categorical" welfare program. This definition ~~shall~~may not in any way lessen the responsibility of each municipality to provide general assistance to a person each time that the person has need and is found to be otherwise eligible to receive general assistance, except that a person is eligible to receive aid no more than once in a calendar year.

Sec. JJ-2. 22 MRSA §4309, sub-§1, as amended by PL 1989, c. 840, §4, is further amended to read:

1. Eligibility of applicant; duration of eligibility. The overseer shall determine eligibility each time a person applies or reapplies for general assistance pursuant to this chapter and the ordinance adopted by the municipality in accordance with section 4305. The period of eligibility ~~must~~may not exceed one month. ~~At the expiration of that period the person may reapply for assistance and the person's eligibility may be redetermined.~~

Sec. JJ-3. 22 MRSA §4311, sub-§1, as amended by PL 1993, c. 410, Pt. AAA, §7 and PL 2003, c. 689, Pt. B, §6, is further amended to read:

1. Departmental reimbursement. When a municipality incurs net general assistance costs in any fiscal year in excess of .0003 of that municipality's most recent state valuation relative to the state fiscal year for which reimbursement is being issued, as determined by the State Tax Assessor in the statement filed as provided in Title 36, section 381, the Department of Health and Human Services shall reimburse the municipality for ~~90%~~75% of the amount in excess of these expenditures when the

department finds that the municipality has been in compliance with all requirements of this chapter. If a municipality elects to determine need without consideration of funds distributed from any municipally-controlled trust fund that must otherwise be considered for purposes of this chapter, the department shall reimburse the municipality for 66 2/3% of the amount in excess of such expenditures when the department finds that the municipality has otherwise been in compliance with all requirements of this chapter.

Sec. JJ-4.

2. Submission of reports. Municipalities shall submit reports at times prescribed by and on forms provided by the department.

22 MRSA §4311, sub-§2, as amended by PL 1991, c. 9, Pt. U, §9, is repealed and the following enacted in its place:

Sec. JJ-5. 22 MRSA §4315, first ¶, as amended by PL 1993, c. 410, Pt. AAA, §9, is further amended to read:

Whoever knowingly and willfully makes any false representation of a material fact to the overseer of any municipality or to the department or its agents for the purpose of causing that or any other person to be granted assistance by the municipality or by the State is ineligible for assistance for a period of ~~120~~180 days and is guilty of a Class E crime.

Sec. JJ-6. 22 MRSA §4315, 3rd ¶, as amended by PL 1993, c. 410, Pt. AAA, §9, is further amended to read:

If the fair hearing officer finds that a recipient made a false representation to the overseer in violation of this section, that recipient is required to reimburse the municipality for any assistance rendered for which that recipient was ineligible and is ineligible from receiving further assistance for a period of ~~120~~180 days.

Sec. JJ-7. 22 MRSA §4316-A, sub-§1, as amended by PL 1993, c. 410, Pt. AAA, §10, is further amended to read:

1. Ineligibility for assistance. An applicant is ineligible for assistance for ~~120~~180 days in all municipalities in the State when any municipality establishes that the applicant, without just cause:

- A. Refuses to search for employment when that search is reasonable and appropriate;
- B. Refuses to register for work;
- C. Refuses to accept a suitable job offer under this section;
- D. Refuses to participate in a training, educational or rehabilitation program that would assist the applicant in securing employment;
- F. Refuses to perform or willfully fails to perform a job assigned under subsection 2; or
- G. Willfully performs a job assigned under subsection 2 below the average standards of that job.

If a municipality finds that an applicant has violated a work-related rule without just cause, under this subsection or subsection 1-A, it is the responsibility of that applicant to establish the presence of just cause.

Sec. JJ-8. 22 MRSA §4316-A, sub-§4, as amended by PL 1993, c. 410, Pt. AAA, §10, is further amended to read:

4. Eligibility regained. A person who has been disqualified by any municipality for not complying with any work requirement of this section may regain eligibility during the ~~120-day~~180-day period by becoming employed or otherwise complying with the work requirements of this section. An applicant who is disqualified due to failure to comply with the municipal work program may be given only one opportunity to regain eligibility during the ~~120-day~~180-day disqualification period, except that if an applicant who regains eligibility is again disqualified for failing to comply with the municipal work program within the initial period of disqualification, the applicant is ineligible for assistance for ~~120~~180 days and does not have the opportunity to requalify during the ~~120-day~~180-day period.

Sec. JJ-9. 22 MRSA §4317, as amended by PL 1993, c. 410, Pt. AAA, §11, is further amended to read:

§ 4317. Use of potential resources

An applicant or recipient must make a good faith effort to secure any potential resource that may be available, including, but not limited to, any state or federal assistance program, including any benefit available under the Maine Residents Property Tax Program under Title 36, chapter 907, employment benefits, governmental or private pension programs, available trust funds, support from legally liable relatives, child-support payments and jointly held resources where the applicant or recipient share may be available to the individual. Assistance may not be withheld pending receipt of such resource as long as application has been made or good faith effort is being made to secure the resource.

An individual applying for or receiving assistance due to a disability must make a good faith effort to make use of any medical and rehabilitative resources that may be recommended by a physician, psychologist or other professional retraining or rehabilitation specialist that are available without financial burden and would not constitute further physical risk to the individual.

An applicant who refuses to utilize potential resources without just cause, after receiving a written 7-day notice, is disqualified from receiving assistance ~~until the applicant has made a good faith effort to secure the resource~~for a period of 120 days from the date the applicant abandons the resource.

An applicant who forfeits receipt of or causes reduction in benefits from another public assistance program because of fraud, misrepresentation or a knowing or intentional violation of program rules or a refusal to comply with program rules without just cause is not eligible to receive general assistance to replace the forfeited assistance for the duration of the forfeiture or 180 days, whichever is longer.

Sec. JJ-10. Access to department data; general assistance administrators. The Department of Health and Human Services shall work with municipal general assistance administrators on ways to enhance the ability of local officials to determine the eligibility of individuals for general assistance.

PART KK

Sec. KK-1. 22 MRSA §3104-A, as amended by PL 2009, c. 291, §3, is repealed.

Sec. KK-2. 22 MRSA §3273, sub-§9, as enacted by PL 1997, c. 643, Pt. WW, §1, is repealed.

Sec. KK-3. 22 MRSA §3762, sub-§3, ¶B, as amended by PL 2007, c. 539, Pt. XX, §1, is further amended to read:

B. The department may use funds, insofar as resources permit, provided under and in accordance with the United States Social Security Act or state funds appropriated for this purpose or a combination of state and federal funds to provide assistance to families under this chapter. In addition to assistance for families described in this subsection, funds must be expended for the following purposes:

(1) To continue the pass-through of the first \$50 per month of current child support collections and the exclusion of the \$50 pass-through from the budget tests and benefit calculations;

~~(2) To provide financial and medical assistance to certain noncitizens legally admitted to the United States. Recipients of assistance under this subparagraph are limited to the categories of noncitizens who would be eligible for the TANF or Medicaid programs but for their status as aliens under PRWORA. Eligibility for the TANF and Medicaid programs for these categories of noncitizens must be determined using the criteria applicable to other recipients of assistance from these programs;~~

(3) To provide benefits to certain 2-parent families whose deprivation is based on physical or mental incapacity;

(4) To provide an assistance program for needy children, 19 to 21 years of age, who are in full-time attendance in secondary school. The program is operated for those individuals who qualify for TANF under the United States Social Security Act, except that they fail to meet the age requirement, and is also operated for the parent or caretaker relative of those individuals. Except for the age requirement, all provisions of TANF, including the standard of need and the amount of assistance, apply to the program established pursuant to this subparagraph;

(5) To provide assistance for a pregnant woman who is otherwise eligible for assistance under this chapter, except that she has no dependents under 19 years of age. An individual is eligible for the monthly benefit for one eligible person if the medically substantiated expected date of the birth of her child is not more than 90 days following the date the benefit is received;

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(6) To provide a special housing allowance for TANF families whose shelter expenses for rent, mortgage or similar payments, homeowners insurance and property taxes equal or exceed 75% of their monthly income. The special housing allowance is limited to \$100 per month for each family. For purposes of this subparagraph, "monthly income" means the total of the TANF monthly benefit and all income countable under the TANF program, plus child support received by the family, excluding the \$50 pass-through payment;

(7) In determining benefit levels for TANF recipients who have earnings from employment, the department shall disregard from monthly earnings the following:

(a) One hundred and eight dollars;

(b) Fifty percent of the remaining earnings that are less than the federal poverty level; and

(c) All actual child care costs necessary for work, except that the department may limit the child care disregard to \$175 per month per child or \$200 per month per child under 2 years of age or with special needs;

(8) In cases when the TANF recipient has no child care cost, the monthly TANF benefit is the maximum payment level or the difference between the countable earnings and the standard of need established by rule adopted by the department, whichever is lower;

(9) In cases when the TANF recipient has child care costs, the department shall determine a total benefit package, including TANF cash assistance, determined in accordance with subparagraph (7) and additional child care assistance, as provided by rule, necessary to cover the TANF recipient's actual child care costs up to the maximum amount specified in section 3782-A, subsection 5. The benefit amount must be paid as provided in this subparagraph.

(a) Before the first month in which child care assistance is available to an ASPIRE-TANF recipient under this paragraph and periodically thereafter, the department shall notify the recipient of the total benefit package and the following options of the recipient: to receive the total benefit package directly; or to have the department pay the recipient's child care assistance directly to the designated child care provider for the recipient and pay the balance of the total benefit package to the recipient.

(b) If an ASPIRE-TANF recipient notifies the department that the recipient chooses to receive the child care assistance directly, the department shall pay the total benefit package to the recipient.

(c) If an ASPIRE-TANF recipient does not respond or notifies the department of the choice to have the child care assistance paid directly to the child care provider from the total benefit package, the department shall pay the child care assistance directly to the designated child care provider for the recipient. The department shall pay the balance of the total benefit package to the recipient;

(10) Child care assistance under this paragraph must be paid by the department in a prompt manner that permits an ASPIRE-TANF recipient to access child care necessary for work; and

(11) The department shall adopt rules pursuant to Title 5, chapter 375 to implement this subsection. Rules adopted pursuant to this subparagraph are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

PART LL

Sec. LL-1. 22 MRSA §3762, sub-§17, as enacted by PL 2001, c. 598, §2, is amended to read:

17. Prohibition against denial of assistance based on drug conviction; drug testing. A person who is otherwise eligible to receive TANF may not be denied assistance because the person has been convicted of a drug-related felony as described in Section 115 of PRWORA. In order to receive and continue to receive assistance under this subsection, a person must submit proof of regular drug testing. Any positive drug test results will result in immediate termination of assistance.

PART MM

Sec. MM-1. Department of Health and Human Services; revision of agency rules; residential care; transfer of assets. The Department of Health and Human Services shall amend its asset transfer rules in the MaineCare Eligibility Manual, chapter 332, in order to implement the option under the Maine Revised Statutes, Title 22, section 3174-A, which allows the imposition of a penalty for certain transfers of assets to obtain help with state-funded assistance in certain boarding home settings. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

PART NN

Sec. NN-1. Dorothea Dix Psychiatric Center; working group; development of plan. The Commissioner of Health and Human Services shall convene a working group to develop a plan and implementing legislation regarding the future role and structure of the Dorothea Dix Psychiatric Center, to be effective June 30, 2012, including the transfer of personnel, position counts and responsibilities, when applicable, to other programs within the Department of Health and Human Services. The working group shall endeavor to develop a comprehensive plan that focuses on the advancement of recovery milestones for persons with serious and persistent mental health conditions

through the delivery of high-quality, efficient services and that has as its primary objectives improved health status, increased independence, improved life satisfaction and integration into the community. The plan developed by the working group must be designed to:

1. Establish recovery outcomes that may be tracked;
2. Effectively meet the transitional needs of patients;
3. Provide essential community living supports for housing, vocational and nonvocational involvements and health care;
4. Include support for other critical community-based resources and treatment services;
5. Focus on integrating health care services;
6. Ensure that adequate capacity exists locally for inpatient hospitalizations;
7. Ensure that adequate essential community care services to support outcomes are available to patients;
8. Optimize community and family education to support integration into the community; and
9. Achieve high-quality, efficient service delivery.

Sec. NN-2. Members. The members of the working group under section 1 are:

1. The Commissioner of Health and Human Services or the commissioner's designee;
2. The Superintendent of the Dorothea Dix Psychiatric Center or the superintendent's designee;
3. The Superintendent of the Riverview Psychiatric Center or the superintendent's designee;
4. One representative from each of the State's private, not-for-profit, freestanding psychiatric hospitals, appointed by the Governor;
5. The Commissioner of Administrative and Financial Services or the commissioner's designee;
6. Two representatives of consumers of mental health services, appointed by the Governor;
7. One representative from the Disability Rights Center, appointed by the Governor;
8. One member representing National Alliance on Mental Illness Maine, appointed by the Governor; and
9. Four members representing community agencies that provide services to individuals with mental illness, appointed by the Governor.

Sec. NN-3. Chair. The Commissioner of Health and Human Services or the commissioner's designee shall serve as the chair of the working group under section 1.

Sec. NN-4. Staff assistance. The Department of Health and Human Services or the commissioner's designee shall provide staff assistance to the working group under section 1.

Sec. NN-5. Report. The Department of Health and Human Services shall submit the plan of the working group under section 1, along with any necessary implementing legislation, to the Joint Standing Committee on Health and Human Services and the Joint Standing Committee on Appropriations and

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Financial Affairs no later than December 1, 2011. After receipt and review of the plan, the joint standing
committees shall submit a bill to the Second Regular Session of the 125th Legislature to implement the
recommendations contained in the report.

PART OO

Sec. OO-1. Interdepartmental cooperation; Department of Health and Human Services and Department of the Attorney General. The Department of Health and Human Services and the Department of the Attorney General shall work cooperatively to explore opportunities for increased collaboration as well as to identify short-term and long-term improvements to the fraud detection and referral process and any savings that can be realized from these improvements.

PART PP

Sec. PP-1. 22 MRSA §3762, sub-§15, ¶D is enacted to read:

D. This subsection is repealed June 30, 2011.

Sec. PP-2. 22 MRSA §3763, sub-§1, as enacted by PL 1997, c. 530, Pt. A, §16, is amended to read:

1. Family contract. During the TANF orientation process, a representative of the department and the TANF recipient shall enter into a family contract. The family contract must state the responsibilities of the parties to the agreement including, but not limited to, cooperation in child support enforcement and determination of paternity, the requirements of the ASPIRE-TANF program and referral to parenting activities and health care services. Except as provided in section 3762, subsection 4, refusal to sign the family contract or to abide by the provisions of the contract, except for referral to parenting activities and health care services, will result in ~~sanction~~termination of benefits. Benefits must be restored once the recipient signs the contract and complies with the provisions of the contract. Failure to comply with referrals to parenting activities or health care services without good cause will result in a review and evaluation of the reason for noncompliance by the representative of the department and may result in sanctions. Written copies of the family contract and a notice of the right to a fair hearing must be given to the individual. The family contract must be amended in accordance with section 3788 when a participant enters the ASPIRE-TANF program and when participation review occurs.

Sec. PP-3. 22 MRSA §3763, sub-§8, as amended by PL 2005, c. 522, §1, is further amended to read:

8. Alternative aid. The department shall provide one-time alternative aid to applicants who seek short-term assistance in order to obtain or retain employment. The applicants must meet the eligibility requirements established by rule adopted pursuant to section 3762, subsection 3, paragraph A. The alternative aid may not exceed 3 times the value of the monthly TANF grant for which the applicant's family is eligible. ~~An eligible applicant may receive alternative aid no more than once during any 12-month period.~~ If the family reapplies for TANF within 3 months of receiving alternative aid, the family

shall repay any alternative aid received in excess of the amount that the family would have received on TANF. The method of repayment must be the same as that used for the repayment of unintentional overpayments in the TANF program.

Sec. PP-4. Additional TANF assistance. A family in which an adult is receiving benefits as of July 1, 2011 and has received benefits for 60 months or more as of July 1, 2011 under the Temporary Assistance for Needy Families, or TANF, program pursuant to the Maine Revised Statutes, Title 22, section 3762 may continue to receive TANF assistance for up to an additional 6 months as long as the adult members of the family comply in all respects with TANF program rules, except that the Department of Health and Human Services may not consider the need of an adult for whom 3 or more sanctions have been imposed under TANF while that person was an adult or minor parent until the adult has served a penalty period equal to the length of the last penalty period imposed. A penalty period under this section may not be imposed on a family that has experienced domestic violence, as described in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, Section 408(a)(7)(C)(iii), 110 Stat. 2105, or a family that has a member with an illness or incapacity or when the department determines that good cause exists, in accordance with rules adopted by the department.

An adult subject to a penalty period under this section must comply with all TANF requirements during the penalty period including participation in ASPIRE-TANF unless exempt or subject to the good cause provisions of the Maine Revised Statutes, Title 22, section 3785.

Sec. PP-5. Rename Office of Integrated Access and Support - Central Office program. Notwithstanding any other provision of law, the Office of Integrated Access and Support - Central Office program within the Department of Health and Human Services is renamed the Office for Family Independence program.

Sec. PP-6. Rules; quit penalty. The Department of Health and Human Services shall revise its rules to impose a quit penalty on Temporary Assistance for Needy Families - Unemployed Parents participants that requires a recalculation of benefits to exclude a family member who quit employment without cause. The penalty period remains in effect until the family member obtains equivalent employment.

Sec. PP-7. Rules. The Department of Health and Human Services is authorized to adopt any rules necessary to implement the provisions of this Part. Rules adopted pursuant to this Part are routine technical rules as defined in the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A.

PART QQ

Sec. QQ-1. Transfer from unappropriated surplus at close of fiscal year 2011-12. Notwithstanding any other provision of law, at the close of fiscal year 2011-12, the State Controller shall transfer up to \$25,000,000 from the unappropriated surplus of the General Fund to the Department of Health and Human Services, Medical Care - Payments to Providers account in the General Fund after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made and as the first priority after the transfers required pursuant to the Maine Revised Statutes, Title 5, sections 1507 and 1511 and before the transfers required pursuant to Title 5, section 1536.

Sec. QQ-2. Purpose of transfers. Transfers made pursuant to this Part must be expended for hospital settlements.

Sec. QQ-3. Transfer considered adjustments to appropriations. Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, amounts transferred pursuant to this Part are considered adjustments to appropriations in fiscal year 2012-13 only. These funds may be allotted by financial order upon recommendation of the State Budget Officer and approval of the Governor.

PART RR

Sec. RR-1.

All applications for aid under this chapter that are based on a disability must be acted upon and a decision made as soon as possible, but in no case may the department fail to notify the applicant of its decision within 90 days after receipt of the application. Failure of the department to meet the requirements of this 90-day time standard, except when there is documented noncooperation by the applicant or the source of the applicant's medical information, causes the immediate and automatic issuance of a temporary medical card, which is valid only until such time as the applicant receives actual notice of a departmental denial of the application or the applicant receives a replacement medical card. Notwithstanding an applicant's appeal of a denial of the application, the validity of the temporary medical card ceases immediately upon receipt of the notice of denial. Any benefits received by the applicant during the interim period when the applicant has actual use of a valid, temporary medical card are not recoverable by the department in any legal or administrative proceeding against the applicant. All other applications for aid under this chapter must be acted upon and a decision made as soon as possible, but in no case may the department fail to notify the applicant of its decision within 45 days after receipt of the application. Failure of the department to meet the requirements of this 45-day time standard, except when there is documented noncooperation by the applicant or the source of the applicant's medical information, causes the immediate and automatic issuance of a temporary medical card, which is valid only until such time as the applicant receives actual notice of a departmental denial of the application or the applicant receives a replacement medical card. Notwithstanding an applicant's appeal of a denial of the application, the validity of the temporary medical card ceases immediately upon receipt of the notice of denial. Any benefits received by the applicant during the interim period when the applicant has actual use of a valid, temporary medical card are not recoverable by the department in any legal or administrative proceeding against the applicant.

22 MRSA §3173, 4th ¶, as repealed and replaced by PL 1979, c. 127, §144, is repealed and the following enacted in its place:

PART SS

Sec. SS-1. 22 MRSA c. 603, sub-c. 1, as amended, is repealed.

Sec. SS-2. 22 MRSA §2685, sub-§2, ¶H, as enacted by PL 2007, c. 327, §1, is repealed.

Sec. SS-3. 22 MRSA §2685, sub-§4, as enacted by PL 2007, c. 327, §1, is amended to read:

4. Program coverage. The program must provide outreach and education to prescribers and dispensers who participate in, contract with or are reimbursed by state-funded health care programs, including but not limited to the MaineCare program, ~~the Maine Rx Plus Program~~, Dirigo Health insurance, the elderly low-cost drug program and the state employee health insurance program. The program may provide outreach and education to carriers, health plans, hospitals, employers and other persons interested in the program on a subscription or fee-paying basis under rules adopted by the department.

Sec. SS-4. 22 MRSA §2693, sub-§1, ¶B, as amended by PL 2003, c. 494, §10, is repealed.

Sec. SS-5. 22 MRSA §3174-Y, as enacted by PL 1999, c. 786, Pt. B, §3, is amended to read:

§ 3174-Y. Prior authorization in Medicaid program

If the commissioner establishes maximum retail prices for prescription drugs pursuant to section 2693, the department shall adopt rules for the Medicaid program requiring additional prior authorization for the dispensing of drugs determined to be priced above the established maximum retail prices. The department shall adopt rules for the Medicaid program requiring additional prior authorization for the dispensing of drugs provided from manufacturers and labelers ~~who do not enter into agreements with the department under section 2681, subsection 3~~. For the purposes of this section, "labeler" means an entity or person that receives prescription drugs from a manufacturer or wholesaler and repackages those drugs for later retail sale and that has a labeler code from the federal Food and Drug Administration under 21 Code of Federal Regulations, 207.20 (1999).

PART TT

Sec. TT-1. Rules; MaineCare eligibility; Department of Health and Human Services. The Department of Health and Human Services is directed to revise its rules to change the calculation of income for MaineCare eligibility purposes to a standard 5% disregard as soon as that change is allowed by federal Medicaid law. Rules adopted pursuant to this section are routine technical rules as defined in the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A.

PART UU

Sec. UU-1. Agency rules; child care rates; Department of Health and Human Services. The Department of Health and Human Services is directed to revise its rules in the Child Care Subsidy Policy Manual to establish state-paid child care rates at 50% of the local market rate survey effective October 1, 2011. Rules adopted pursuant to this section are routine technical rules as defined in the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A.

PART VV

Sec. VV-1. PL 2007, c. 240, Pt. X, §2, as amended by PL 2009, c. 213, Pt. SSSS, §1, is further amended to read:

Sec. X-2. Transfer of funds. Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, until June 30, ~~2011~~2013, available balances of appropriations in MaineCare General Fund accounts may be transferred between accounts by financial order upon the recommendation of the State Budget Officer and approval of the Governor.

Sec. VV-2. PL 2007, c. 240, Pt. X, §5, as amended by PL 2009, c. 213, Pt. SSSS, §2, is further amended to read:

Sec. X-5. Weekly MaineCare reporting. Until June 30, ~~2011~~2013, the Commissioner of Health and Human Services shall issue a weekly financial summary and report on MaineCare program expenditures. The report must be submitted to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over human services matters and must be presented in a budget to actual format detailing amounts at the program level. This reporting requirement is in addition to the reporting requirements contained in the Maine Revised Statutes, Title 22, section 3174-B.

Sec. VV-3. PL 2007, c. 240, Pt. X, §6, as amended by PL 2009, c. 213, Pt. SSSS, §3, is further amended to read:

Sec. X-6. Quarterly MaineCare reporting. Until June 30, 2010, the Commissioner of Health and Human Services shall issue a quarterly financial summary and report on MaineCare program expenditures. The report must be submitted to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over health and human services matters within 14 days of certification of the quarterly CMS-64 report to the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services. This report must segregate expenditures by enrollment category and type of service. From July 1, 2010 to June 30, ~~2011~~2013 the commissioner shall continue to issue a quarterly financial summary and report on MaineCare program expenditures in a format and with content equivalent to the prior year's reports and incorporating the capabilities of the new Maine integrated health management solution system. This reporting requirement is in addition to the reporting requirements contained in the Maine Revised Statutes, Title 22, section 3174-B.

PART WW

Sec. WW-1. 22 MRSA §7248, sub-§1, as enacted by PL 2003, c. 483, §1, is amended to read:

1. Establishment of monitoring program. Contingent upon the receipt of funds pursuant to section 7247 sufficient to carry out the purposes of this chapter, the Controlled Substances Prescription Monitoring Program is established. No later than January 2, 2004, to implement the program, the office shall establish an electronic system for monitoring any controlled substance that is dispensed to a person in the State by a dispenser or a prescriber.

Sec. WW-2. 22 MRSA §7249, as enacted by PL 2003, c. 483, §1, is amended to read:

§ 7249. Reporting of prescription monitoring information

1. Information required. Each dispenser and prescriber shall submit to the office, by electronic means or other format specified in a waiver granted by the office, specific items of information regarding dispensed controlled substances determined by the office from the following list:

- A. The dispenser identification number;
- B. The date the prescription was filled;
- C. The prescription number;
- D. Whether the prescription is new or is a refill;
- E. The National Drug Code (NDC) for the drug dispensed;
- F. The quantity dispensed;
- G. The dosage;
- H. The patient identification number;
- I. The patient name;
- J. The patient address;
- K. The patient date of birth;
- L. The prescriber identification number;
- M. The date the prescription was issued by the prescriber; and
- N. The office-issued serial number if the office chooses to establish a serial prescription system.

2. Frequency. Each dispenser and prescriber shall submit the information required under subsection 1 as frequently as specified by the office.

3. Waiver. The office may grant a waiver of the electronic submission requirement under subsection 1 to any dispenser or prescriber for good cause, including financial hardship, as determined by the office. The waiver must state the format and frequency with which the dispenser or prescriber is required to submit the required information.

4. Immunity from liability. A dispenser or prescriber is immune from liability for disclosure of information if the disclosure was made pursuant to and in accordance with this chapter.

Sec. WW-3. 22 MRSA §7251, sub-§1, as enacted by PL 2003, c. 483, §1, is amended to read:

1. Failure to submit information. A dispenser or prescriber who knowingly fails to submit prescription monitoring information to the office as required by this chapter is subject to discipline by the Maine Board of Pharmacy pursuant to Title 32, chapter 117, subchapter 4 or by the applicable professional licensing entity.

PART XX

Sec. XX-1. Maine Revised Statutes amended; revision clause. Wherever in the Maine Revised Statutes the word "MaineCare" appears, it is amended to read "Medicaid," and the Revisor of Statutes shall implement this revision when updating, publishing or republishing the statutes.

PART YY

Sec. YY-1. 22 MRSA §3174-M, sub-§1-B is enacted to read:

1-B. Payment for prescription drugs. Notwithstanding any law to the contrary, a MaineCare member may not use cash or other personal funds to pay for a prescription drug that is covered under the MaineCare program.

PART ZZ

Sec. ZZ-1. Emergency rule-making authority; health and human services matters. The Department of Health and Human Services is authorized to adopt emergency rules under the Maine Revised Statutes, Title 5, sections 8054 and 8073 in order to implement those provisions of this Act over which the department has subject matter jurisdiction for which specific authority has not been provided in any other Part of this Act without the necessity of demonstrating that immediate adoption is necessary to avoid a threat to public health, safety or general welfare.

PART AAA

Sec. AAA-1. Agency rules; Medicare buy-in program; Department of Health and Human Services. The Department of Health and Human Services, to the extent not inconsistent with state law, shall revise its rules for eligibility for the Medicare buy-in program to reduce income levels to the optional minimum levels required in federal law. Rules adopted pursuant to this section are routine technical rules as defined in the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A.

Sec. AAA-2. Review of statutory provisions; submission of legislation. The Department of Health and Human Services shall undertake a review of current statutes to determine if amendments are necessary to implement the reduction in income levels set forth in section 1. The department shall submit any necessary implementing legislation to the Second Regular Session of the 125th Legislature no later than November 1, 2011.

PART BBB

Sec. BBB-1. 24-A MRSA §6917, sub-§1, as enacted by PL 2009, c. 359, §4 and affected by §8, is amended to read:

1. Access payments required from health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers. All health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers shall pay an access payment of ~~2.14%~~ on all paid claims, except claims under accidental injury, specified disease, hospital indemnity, dental, vision, disability income, long-term care, Medicare supplement or other limited benefit health insurance. The amount of the access payment is 2.14% on claims for services provided through June 30, 2011, 1.75% on claims for services provided from July 1, 2011 to June 30, 2012, 1.25% on claims for services provided from July 1, 2012 to June 30, 2013 and 0.75% on claims for services provided from July 1, 2013 to December 31, 2013. The following provisions govern access payments.

- A. A health insurance carrier or employee benefit excess insurance carrier may not be required to pay an access payment on policies or contracts insuring federal employees.
- B. Access payments apply to claims paid beginning on or after September 1, 2009.
- C. Access payments must be made monthly to Dirigo Health and are due 30 days after the end of each month and must accrue interest at 12% per annum on or after the due date, except that access payments for 3rd-party administrators for groups of 500 or fewer members may be made annually not less than 60 days after the close of the plan year.
- D. Access payments received by Dirigo Health must be pooled with other revenues of the agency in the Dirigo Health Enterprise Fund established in section 6915.

Sec. BBB-2. 24-A MRSA §6917, sub-§5 is enacted to read:

5. Repeal. This section is repealed January 1, 2014.

PART CCC

Sec. CCC-1. Department of Administrative and Financial Services; lease-purchase authorization. Pursuant to the Maine Revised Statutes, Title 5, section 1587, the Department of Administrative and Financial Services, on behalf of the Department of Public Safety, may enter into financing arrangements in fiscal years 2011-12 and 2012-13 for the acquisition of motor vehicles for the State Police. The financing arrangements entered into each fiscal year may not exceed \$2,100,000 in principal costs and a financing arrangement may not exceed 3 years in duration. The interest rate may not exceed 8% and total interest costs with respect to the financing arrangements entered into in each fiscal year may not exceed \$300,000. The annual principal and interest costs must be paid from the appropriate line category appropriations and allocations in the Department of Public Safety General Fund and Highway Fund accounts.

PART DDD

Sec. DDD-1. Rename Motor Vehicle Contingency Account - Building program.

Notwithstanding any other provision of law, the Motor Vehicle Contingency Account - Building program within the Department of the Secretary of State is renamed the Motor Vehicle Miscellaneous Revenue program.

PART EEE

Sec. EEE-1. Transfer from General Fund undedicated revenue; Callahan Mine Site Restoration, Department of Transportation. Notwithstanding any other provision of law, the State Controller shall transfer \$500,000 by August 15, 2011 from the General Fund unappropriated surplus to the Callahan Mine Site Restoration, Other Special Revenue Funds program within the Department of Transportation to be used to design and implement clean-up initiatives of the Callahan Mine site.

PART FFF

Sec. FFF-1. 36 MRSA §505, sub-§4, as amended by PL 2005, c. 332, §12, is further amended to read:

4. When interest collected. The date or dates from and after which interest must accrue, which must also be the date or dates on which taxes become delinquent. The rate of interest must be specified in the vote and must apply to delinquent taxes committed during the taxable year until those taxes are paid in full. Except as provided in subsection 4-A, the maximum rate of interest must be established by the Treasurer of State and may not exceed the prime rate as published in the Wall Street Journal on the first business day of the calendar year, rounded up to the next whole percent plus 3 percentage points. The Treasurer of State shall ~~send a written notice of post~~ that rate of interest on the Treasurer of State's publicly accessible website on or before January 20th of each year ~~to the chief municipal officer of each municipality~~. The interest must be added to and become part of the taxes.

PART GGG

Sec. GGG-1. 20-A MRSA §7001, sub-§2-A, as amended by PL 2007, c. 430, §1, is further amended to read:

2-A. Free, appropriate public education. "Free, appropriate public education" means special education and related services that are provided at public expense, under public supervision and direction and without charge; meet the standards of the department; include an appropriate preschool, elementary school or secondary school education in the State; and are provided in conformity with the individualized family service plan or individualized education program. ~~Preschool children with disabilities who reach 5 years of age between July 1st and October 15th who are already receiving free, appropriate public education through the Child Development Services System and whose parents choose,~~

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~~in accordance with rules adopted by the commissioner, not to enroll those children in kindergarten until
the start of the following school year must have free, appropriate public education available to them
through the Child Development Services System for one additional school year.~~

Sec. GGG-2. Department of Education; rule-making authority. The Department of Education shall amend Chapter 101: Maine Unified Special Education Regulation in Section V.1.A.(3) (a)(i) to change the period required to complete evaluation for children from 3 to under 5 years of age from 60 calendar days to 45 school days. Rules adopted pursuant to this section are major substantive rules for the purposes of the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A.

PART HHH

Sec. HHH-1. 4 MRSA §28, as enacted by PL 2009, c. 213, Pt. QQ, §2, is amended to read:

§ 28. Additional fee revenue dedicated

The judicial branch may credit up to \$300,000 per fiscal year of fee revenue collected pursuant to administrative orders of the court to a nonlapsing Other Special Revenue Funds account to support the capital expenses of the judicial branch only after the judicial branch has collected and deposited all fee revenue budgeted as undedicated revenue in the General Fund.

PART III

Sec. III-1. 1 MRSA §521, sub-§2, as amended by PL 1977, c. 696, §11, is further amended to read:

2. Dissemination. A copy of every executive order shall ~~shall~~ must be filed with the Legislative Council, ~~and~~ and the Law and Legislative Reference Library, ~~and every county law library in this State~~ the executive order must be posted in a conspicuous location on the State's publicly accessible website, within one week after the Governor has issued that order.

PART JJJ

Sec. JJJ-1. Transfer from Other Special Revenue Funds to unappropriated surplus of the General Fund. Notwithstanding any other provision of law, the State Controller shall transfer \$54,000,000 on June 30, 2012 from Other Special Revenue Funds to the unappropriated surplus of the General Fund. On July 1, 2012, the State Controller shall transfer \$54,000,000 from the General Fund unappropriated surplus to Other Special Revenue Funds as repayment. This transfer is considered an interfund advance.

PART KKK

Sec. KKK-1. Streamline and Prioritize Core Government Services Task Force established. The Commissioner of Administrative and Financial Services shall establish the Streamline and Prioritize Core Government Services Task Force, referred to in this Part as "the task force."

Sec. KKK-2. Task force membership. The task force consists of the following 11 members:

1. The Commissioner of Administrative and Financial Services or the commissioner's designee, who serves as chair of the task force;
2. Two members representing Maine for-profit businesses, appointed by the Governor;
3. Two members representing Maine not-for-profit agencies, appointed by the Governor;
4. One member representing a higher educational institution of Maine, appointed by the Governor;
5. One member of the Senate, appointed by the President of the Senate;
6. Two members of the House of Representatives appointed by the Speaker of the House of Representatives; and
7. Two members of the public at large, appointed by the Governor.

Sec. KKK-3. Convening of task force. The task force shall convene no later than September 1, 2011.

Sec. KKK-4. Duties. The task force shall undertake a comprehensive analysis of State Government with the goals of prioritizing services provided by government agencies, consolidating functions and eliminating duplication and inefficiencies in programs, contracted personal services, state travel policies and advertising and public notice policies. In carrying out its duties, the task force shall investigate and identify major sources of administrative excess, redundancy and inefficiency and program overlap with other state, local or federal programs. The task force shall identify any positions that should be reduced, eliminated or consolidated to deliver optimum services in the most cost-effective manner, including positions in the unclassified service and major policy-influencing positions as set out in the Maine Revised Statutes, Title 5, chapter 71, and in contracted personal services. The task force shall develop recommendations designed to achieve a targeted spending reduction of a minimum of \$25,000,000 in fiscal year 2012-13. The task force may establish subcommittees and draw on experts inside and outside of State Government.

Sec. KKK-5. Staff assistance. The Department of Administrative and Financial Services shall provide staff assistance to the task force.

Sec. KKK-6. Report. The task force shall submit a report of its findings and recommendations and any necessary implementing legislation to the Second Regular Session of the 125th Legislature.

PART LLL

Sec. LLL-1. Tax expenditures. In accordance with the Maine Revised Statutes, Title 5, section 1666, funding is continued for each individual tax expenditure, as defined in Title 5, section 1666, reported in the budget document submitted by the Governor on February 11, 2011.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved, except as otherwise indicated.

SUMMARY

PART A

This Part makes appropriations and allocations of funds for the 2012-2013 biennium.

PART B

This Part makes appropriations and allocations of funds for approved reclassifications and range changes.

PART C

This Part establishes the total cost of education from kindergarten to grade 12 for fiscal year 2011-12, the state contribution and the annual target state share percentage. It also authorizes the department to provide funding to the Center of Excellence for At-risk Students.

PART D

This Part continues the voluntary employee incentive program during the 2012-2013 biennium and recognizes the resulting savings. It provides for the lapsing of \$350,000 in savings to the General Fund in fiscal years 2011-12 and 2012-13.

PART E

This Part continues for 2 years the pay freeze by denying the awarding of merit pay and longevity pay to employees in the various departments and agencies within the executive branch, including the constitutional officers and the Department of Audit, during the 2012-2013 biennium. This Part also requires the State Budget Officer to calculate the amount of savings that applies against each General Fund account for all departments and agencies from savings associated with eliminating merit pay and to transfer the amounts by financial order upon the approval of the Governor.

PART F

This Part recognizes an increase in the attrition rate from 1.6% to 5.0% for the 2012-2013 biennium. The 5.0% rate is currently built into the baseline budget for Personal Services.

PART G

This Part authorizes the transfer of \$20,000,000 from the General Fund unappropriated surplus to the Highway Fund unappropriated surplus by the end of fiscal year 2012-13.

PART H

This Part authorizes the Department of Administrative and Financial Services to enter into financing arrangements for the acquisition of motor vehicles for the Central Fleet Management Division.

This Part also requires the State Budget Officer to calculate the amount of savings that applies to each General Fund account for all departments and agencies from savings from improvements in contracting with vendors and the use of procurement cards and to transfer the amounts by financial order upon the approval of the Governor.

PART I

This Part does the following.

1. It repeals the current state-municipal revenue sharing provisions that require the transfer of revenue from the General Fund to the Other Special Revenue Funds accounts in the Office of the Treasurer of State for the payment of revenue sharing and disproportionate tax burden funds to municipalities.
2. It enacts a new provision for funding the state-municipal revenue sharing and disproportionate tax burden funds through an appropriation made to General Fund program accounts in the Office of the Treasurer of State.
3. It repeals the provision that currently provides additional support from the transfer of revenue from the General Fund to the Disproportionate Tax Burden Fund, Other Special Revenue Funds account in the Office of the Treasurer of State. Any additional funding support will now be through an appropriation from the General Fund.
4. It fixes cross-references.

PART J

This Part amends certain uniform administrative provisions of Title 36. The changes provide that regular tax assessments and certain other notices may be sent by regular first-class mail, rather than by certified mail. It also increases from 30 to 60 days the time limit for requesting administrative reconsideration of a tax assessment or other determination of the State Tax Assessor.

PART K

This Part 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.

PART L

This Part clarifies that in addition to a taxpayer establishing that reasonable cause exists for waiver or abatement of certain tax penalties, the penalties must also be waived if the State Tax Assessor determines that grounds constituting reasonable cause are otherwise apparent.

PART M

This Part raises the Maine estate tax exclusion amount from \$1,000,000 to \$2,000,000 beginning with estates of decedents dying on or after January 1, 2013.

PART N

This Part does the following effective for tax years beginning on or after January 1, 2012:

1. It conforms the Maine standard deduction amounts to the federal amounts;
2. It conforms the Maine personal exemption amount to the federal amount;
3. It repeals the exclusion of mortgage insurance premiums from Maine itemized deductions;
4. It eliminates the Maine alternative minimum tax on individuals; and
5. It repeals the lump-sum retirement plan distribution tax and the early distribution from retirement plan tax.

In addition, this Part reduces the top individual income tax rate from 8.5% to 7.95% for tax years beginning on or after January 1, 2013.

PART O

This Part rescinds the addition modifications related to federal bonus depreciation and the increased Internal Revenue Code, Section 179 business expensing thresholds for tax years beginning on or after January 1, 2011, which will allow taxpayers to take advantage of the increased depreciation deductions under the Internal Revenue Code, Section 168(k) and the higher Internal Revenue Code, Section 179 expense thresholds when calculating Maine income.

PART P

This Part amends the Circuitbreaker Program to limit the amount of the benefit to 80% of the amount of the benefit that would otherwise be available for application periods beginning in 2011 and 2012.

PART Q

This Part amends the laws governing the Business Equipment Tax Reimbursement program to decrease the reimbursement percentage for business equipment reimbursement to 90% of the benefit for the 2012-2013 biennium.

PART R

This Part repeals the annual indexing of the excise tax imposed on internal combustion engine fuel and distillates effective January 1, 2012.

PART S

This Part increases the percentage contribution made to the Maine Public Employees Retirement System by state employee and teacher members by 2%. It requires the State Budget Officer to calculate the savings and transfer the amounts by financial order upon approval of the Governor.

PART T

This Part increases the normal retirement age for state employee and teacher members of the Maine Public Employees Retirement System who have fewer than 5 years of service on July 1, 2011 to 65 years of age. It requires the State Budget Officer to calculate the savings and transfer the amounts by financial order upon approval of the Governor.

PART U

This Part reduces the cap on cost-of-living increases on the retirement benefit for members of the State Employee and Teacher Retirement Program, the Judicial Retirement Program and the Legislative Retirement Program from 4% to 2%. It also prohibits retirement benefits for members of these retirement programs to be adjusted in September 2011, September 2012 or September 2013. It requires the State Budget Officer to calculate the savings and transfer the amounts by financial order upon approval of the Governor.

PART V

This Part amends the statutory provisions pertaining to state employee health insurance. Specifically this Part:

1. Changes the vesting period for retiree health benefits from 5 to 10 years for individuals first employed by the State after July 1, 2001 and changes the state share of premiums for those individuals;
2. Requires retirees to pay for a portion of their health care premiums;
3. Requires retirees who are restored to service to pay for a portion of their health care premiums based on the total of their retirement benefit and their base annual rate of pay;
4. Requires employees who retire on or after January 1, 2012 to pay 100% of the health care premium until they reach 65 years of age; and
5. Caps the total premium cost for health insurance for active and retired employees for fiscal years 2011-12 and 2012-13 at the fiscal year 2010-11 level and caps increases in subsequent years to 4% each year.

PART W

This Part amends the statutory provisions pertaining to retired teacher health insurance. Specifically, this Part:

1. Requires retired teachers who are eligible for Medicare to be enrolled in the program administered for state employees;
2. Requires teachers to have 10 years of service to qualify for a retiree health benefit;
3. Caps the State's cost for retired teachers' health insurance premiums for fiscal years 2011-12 and 2012-13 at fiscal year 2010-11 levels and caps increases in subsequent years to 4% each year; and
4. Provides that the State's contribution to a retired teacher's health insurance begins when the retiree reaches 65 years of age.

PART X

This Part repeals the provisions of law establishing the State's solemn contractual commitments to members of the State Employee and Teacher Retirement Program related to health insurance and retirement benefits.

PART Y

This Part creates a irrevocable trust fund for retired teachers under the Maine Revised Statutes, Title 5, section 286-B.

PART Z

This Part authorizes the Commissioner of Administrative and Financial Services to implement an employee retirement incentive program designed to encourage employees who are otherwise eligible to retire to do so. It requires the State Budget Officer to calculate the savings and transfer the amounts by financial order upon approval of the Governor. It requires that the vacated positions remain vacant from September 1, 2011 to June 30, 2013.

PART AA

This Part authorizes the Commissioner of Corrections to transfer All Other funds by financial order between accounts within the same fund for the purposes of paying food, heating and utility expenses.

PART BB

This Part does the following.

1. It authorizes the Department of Corrections to transfer by financial order Personal Services, All Other and Capital Expenditures funding between accounts within the same fund for the purposes of paying departmental overtime expenses.

2. It requires the Commissioner of Corrections to review the current organizational structure to improve organizational efficiency and cost-effectiveness and it authorizes the State Budget Officer to transfer positions and available balances by financial order.

PART CC

This Part clarifies that the Maine Learning Technology Initiative program includes grades 9 to 12, provides for a competitive bidding process to select the research institute that performs required research and requires the Commissioner of Education to provide annual reports to the Legislature.

PART DD

This Part repeals the requirement to establish a school nurse consultant position.

PART EE

This Part establishes the Statewide Capital Equipment Fund. Any appropriations provided to the fund must be used for emergency capital equipment purchases. Departments and agencies requiring funds must submit a request to the Commissioner of Administrative and Financial Services. When a request is approved, funds may be transferred by financial order upon the recommendation of the State Budget Officer and approval of the Governor.

PART FF

This Part eliminates the State Planning Office as a separate office within the Executive Department effective January 1, 2012. It establishes a working group to develop proposed legislation to transfer

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responsibilities from the State Planning Office to other departments and agencies within the executive
branch. It also provides the necessary transition provisions.

PART GG

This Part transfers funds from the Inland Fisheries and Wildlife Carrying Balances - General Fund account to the Enforcement Operations program, General Fund account to purchase 2 replacement aircraft engines in fiscal year 2011-12 and 2 replacement aircraft engines in fiscal year 2012-13.

PART HH

This Part moves the application of the Fiscal Stability Program within the Department of Inland Fisheries and Wildlife from the 2012-2013 biennial budget to the 2014-2015 biennial budget.

PART II

This Part:

1. Extends the \$4,500,000 cap on transfers from net slot machine revenue to the Fund for a Healthy Maine through the fiscal year ending June 30, 2013;
2. Eliminates the provision that prohibits supplanting General Fund appropriations with Fund for a Healthy Maine allocations; and
3. Repeals a provision that required the transfer of funding from the Fund for a Healthy Maine to offset the General Fund revenue loss associated with limiting the sale of certain flavored cigars.

PART JJ

This Part does the following.

1. It clarifies that assistance under a general assistance program may only be provided once in a calendar year.
2. It reduces the reimbursement level in a general assistance program from 90% to 75% of the amount in excess of .0003 of the municipality's most recent state valuation.
3. It changes the reporting provisions to allow all municipalities to report at times and on forms provided by the Department of Health and Human Services.
4. It increases the number of days that an individual is ineligible for benefits from 120 days to 180 days in cases of false representation or of not complying with work requirements.
5. It makes clear that any benefit from the Maine Residents Property Tax Program is considered as a potential resource to a general assistance program applicant.
6. It makes an applicant who voluntarily abandons resources without just cause ineligible to receive assistance for 120 days.
7. It makes an applicant who forfeits the receipt or causes the reduction of benefits from another public assistance program due to fraud ineligible for general assistance for the duration of the forfeiture of the assistance or 180 days, whichever is longer.

8. It requires the Department of Health and Human Services to work with municipal general assistance administrators on ways to enhance the ability of the administrators to determine eligibility.

PART KK

This Part does the following.

1. It repeals the provision that requires the Department of Health and Human Services to provide a food supplement program for legal noncitizens.

2. It repeals the provision that requires the Department of Health and Human Services to provide supplemental security income for legal noncitizens.

3. It repeals the provision that allows the Department of Health and Human Services to provide medical and financial assistance to individuals who would be eligible under the Temporary Assistance for Needy Families and Medicaid programs but for their citizenship status.

PART LL

This Part requires a person to submit proof of regular drug testing to receive initial and continued assistance from the TANF program. Any positive drug test will result in immediate termination of assistance.

PART MM

This Part directs the Department of Health and Human Services to revise its rules to impose a penalty for certain transfers of assets to qualify for state support for boarding home services.

PART NN

This Part establishes a working group charged with developing a plan regarding the future role of the Dorothea Dix Psychiatric Center, to be effective June 30, 2012. It requires the plan and proposed implementing legislation to be submitted to the Joint Standing Committee on Health and Human Services and the Joint Standing Committee on Appropriations and Financial Affairs by December 1, 2011.

PART OO

This Part directs the Department of Health and Human Services and the Department of the Attorney General to work on issues related to fraud detection and to explore any antifraud savings that can be realized.

PART PP

This Part does the following.

1. It provides a strict 5-year time limit for participants in the Temporary Assistance for Needy Families, or TANF, program. It provides those families who have received benefits for 5 years as of July 1, 2011 a 6-month grace period.

2. It requires participants in the TANF program to sign and comply with the family contract as a condition of eligibility for the TANF program, and eliminates the current system of sanctions for noncompliance.

3. It changes the availability of alternative aid assistance in connection with the TANF program from once every 12 months to once.

4. It renames the Office of Integrated Access and Support - Central Office program within the Department of Health and Human Services the Office for Family Independence program.

5. It requires the Department of Health and Human Services to adopt rules imposing a quit penalty on Temporary Assistance for Needy Families - Unemployed Parents participants who quit employment without cause.

6. It authorizes the Department of Health and Human Services to adopt routine technical rules as necessary to implement this Part.

PART QQ

This Part authorizes the transfer of up to \$25,000,000 from the unappropriated surplus of the General Fund to the Medical Care - Payments to Providers General Fund account to be used to pay hospital settlements. Any amounts transferred are to be considered adjustments to appropriations in fiscal year 2012-13 only and may be allotted by financial order.

PART RR

This Part changes the disability determination cutoff from 45 days to 90 days for applications for aid based on a disability.

PART SS

This Part repeals the Maine Rx Plus Program.

PART TT

This Part directs the Department of Health and Human Services to revise its rules to change the calculation of income for MaineCare eligibility purposes to a standard 5% disregard when allowed to do so under federal law.

PART UU

This Part requires the Department of Health and Human Services to revise its rules to establish state-paid child care rates at 50% of the local market rate survey.

PART VV

This Part continues the authority of the Department of Health and Human Services to transfer available balances of General Fund appropriations between MaineCare accounts by financial order through June 30, 2013. It also continues the requirement that the Department of Health and Human

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Services provide quarterly and monthly reporting on MaineCare program expenditures through June 30,
2013.

PART WW

This Part requires licensed health care professionals with authority to prescribe controlled substances to participate in the Controlled Substances Prescription Monitoring Program by providing information on dispensed controlled substances.

PART XX

This Part requires the Revisor of Statutes to change the word "MaineCare" to "Medicaid" when the Maine Revised Statutes are updated, published or republished.

PART YY

This Part prohibits MaineCare members, who otherwise have access to all covered drugs as a result of their MaineCare eligibility, from using cash to pay for prescriptions.

PART ZZ

This Part gives the Department of Health and Human Services the authority to adopt emergency rules to implement any provisions of this bill over which it has subject matter jurisdiction for which specific authority that has not been addressed by some other Part of this bill.

PART AAA

This Part directs the Department of Health and Human Services to revise its rules for eligibility for the Medicare buy-in program to reduce income levels to the optional minimum federal levels. It also requires the department to submit any legislation necessary to implement this change to the Legislature no later than November 1, 2011.

PART BBB

This Part reduces the access payments made by health insurers to support the cost of Dirigo Health from 2.14% to 1.75% on July 1, 2011, to 1.25% on July 1, 2012 and to 0.75% on July 1, 2013 and eliminates the access payment effective January 1, 2014.

PART CCC

This Part authorizes the Department of Administrative and Financial Services to enter into financing arrangements in fiscal years 2011-12 and 2012-13 for the acquisition of motor vehicles for the Department of Public Safety, Bureau of State Police.

PART DDD

This Part renames the Motor Vehicle Contingency Account - Building program within the Department of the Secretary of State the Motor Vehicle Miscellaneous Revenue program to more accurately reflect the intent of this program.

PART EEE

This Part authorizes the transfer of \$500,000 from General Fund unappropriated surplus to the Callahan Mine Site Restoration, Other Special Revenue Funds program within the Department of Transportation for litigation support and legal initiatives related to the restoration of the site.

PART FFF

This Part replaces the requirement that the Treasurer of State provide written notice to each municipality of the maximum rate of interest that municipalities may charge on delinquent taxes with a requirement to post that rate on the Treasurer of State's publicly accessible website.

PART GGG

This Part eliminates the provision that allows certain children to continue to receive the services of the Child Development Services System for an additional year rather than be enrolled in kindergarten. It also requires the Department of Education to amend its rules regarding certain special education determinations.

PART HHH

This Part allows the judicial branch to transfer up to \$300,000 of fee revenue to support the judicial branch's capital expenses only after it has collected and deposited all fee revenue budgeted as undedicated revenue in the General Fund in each fiscal year.

PART III

This Part eliminates a requirement that executive orders be filed with county law libraries and requires that they be posted on the State's publicly accessible website in a conspicuous location.

PART JJJ

This Part authorizes an interfund advance of \$54,000,000 from Other Special Revenue Funds to the General Fund unappropriated surplus for one day at the end of fiscal year 2011-12.

PART KKK

This Part establishes the Streamline and Prioritize Core Government Services Task Force to undertake a comprehensive analysis of State Government that will achieve General Fund savings throughout departments and agencies statewide of \$25,000,000.

PART LLL

This Part continues authorization for each individual tax expenditure provided for by statute.