Legislative BULLETIN
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Legislative Session Headed to Recessed Adjournment

With the exception of some high profile state budget issues that could delay the final adjournment of the Legislature for a month, the non-budgetary work of the 125th Legislature is drawing to a conclusion and this will be the last Legislative Bulletin of the 2012 session.

Between now and final adjournment of the Legislature we may be issuing e-mail updates or action alerts to all Bulletin recipients if a legislative matter of particular interest to local government officials pops up or when the proposed budget bills finally see the light of day. A detailed reporting on all bills enacted by the Legislature carrying municipal impact will be provided in the May 2012 edition of the Maine Townsman.

At this time last Friday (without counting any of the several bond proposals that are currently in the possession of the Appropriations Committee) there were nine legislative measures of significant municipal interest still to be decided by the full Legislature. Today, there are four.

The four remaining bills are:

LD 1746. This bill is one of the two remaining supplemental state budget bills that attempt to address a shortfall between revenues and expenditures, with a primary focus on the FY 2013 fiscal year beginning on July 1. This bill is focused on shortfalls within the Department of Health and Human Services' budget associated with the state's Medicaid program. The printed bill attempted to address a projected $220 million shortfall in that budget, covering both years of the biennium. A large chunk of that shortfall was dealt with in another budget vehicle, LD 1816, which was enacted in late February and focused largely on the current fiscal year (FY 2012). There remains a Medicaid-based shortfall in the FY 2013 DHHS budget of approximately $85 million that needs to be addressed by LD 1746. MMA has no information about the details of those negotiations at the Appropriations Committee and legislative leadership levels.

LD 1903. This is the other supplemental state budget bill, proposing a number of appropriations and deappropriations to bring the state budget into balance in areas of state government that are not Medicaid related. The most municipally-significant elements of this bill are the dramatic changes and reimbursement cuts that are being proposed for the General Assistance program (GA). The negotiations that have been going on between and among Appropriations Committee members on this subject have not been publicly held, and as far as we know the status of the GA proposal is the same as reported in last week's (March 30) edition of the Legislative Bulletin.

LD 1810. This is the "regulatory takings compensation" bill, which is presented to the Legislature in two reports.

The Judiciary Committee's majority report creates a standing "Regulatory Fairness Committee" of 14 legislators that would be specially charged with holding periodic public hearings to learn about actual circumstances of regulatory overreach and address bona fide instances with legislative solutions. The majority report would also beef up the visibility of the existing Land Use Mediation program, a court-based mediation program that has been available for the last 15 years

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LD 849. This bill traps a certain amount of the state's unappropriated General Fund surplus at the conclusion of each fiscal year and dedicates that revenue to cutting the state's income tax rate in half. The municipal concern with the bill is that the state is currently falling $200 million a year short in its statutory obligation to pay for 55% of K-12 public education and the enactment of LD 849 will make that obligation all the more unachievable. Municipal officials also object to "surplus" General Fund revenue being used for this purpose when that "surplus" is made up of municipal revenue sharing resources that have been blocked by the Legislature from distribution to the towns and cities for property tax relief purposes and used instead to build up the General Fund. LD 849 was rejected by the House once and then slightly reworked by the Senate to allow for a second attempt at passage in the House. On Thursday evening this week, the House reversed its position and narrowly approved LD 849, setting the bill up for final votes of enactment. Here is a link to the roll call vote in the House that gave slender approval to LD 849: http://www.mainelegislature.org/LawMakerWeb/rollcall.asp?ID=280040157&chamber=House&serialnumber=300

Since LD 849 has not yet been finally enacted, municipal officials can still influence the outcome of this legislation by contacting their State Representatives immediately.

General Assistance and the TANF Lifetime Limit

Newly-adopted Rules Mitigate Impacts

Included as part of the biennial state General Fund budget enacted by the Legislature last year was the implementation of a 5-year lifetime limit within which families may receive benefits from Temporary Assistance for Needy Families (TANF) program. As result of the policy change, the Maine Department of Health and Human Services (DHHS) sent notice to 3,000 Maine families this January that they were triggering the 60-month lifetime limit and could, as of May of this year, be no longer eligible to receive TANF.

Municipal General Assistance (GA) administrators were similarly informed of the impact of the 60-month lifetime limit. The information provided to the GA administrators broke down the number of impacted families by DHHS regional district. According to the list, the Lewiston, Portland and Rockland districts were identified as the hardest hit; 49% of the impacted families are located in those three districts.

The municipal community reacted by expressing concern over the enactment of policies that achieve state-level "savings" at the expense of the property taxpayers. Many municipal officials were concerned that as state/federal benefits provided under the TANF program are lost, impacted families would turn to the state/municipal General Assistance (GA) program to replace the assistance. The potential reliance on the GA program to replace TANF benefits was especially troubling for some of the state's largest communities where many of the affected TANF families currently reside.

In response, the Maine Welfare Directors Association (MWDA) sought sponsorship for legislation, LD 1862, *An Act to Limit Eligibility under the Municipal General Assistance Program*. The bill would have mitigated the local financial impacts by making households that have become ineligible to receive TANF benefits because they have exhausted their 5-year lifetime limit similarly ineligible to receive municipal General Assistance.

The printed bill never saw the light of day. The Health and Human Services Committee decided that the policy change raised in LD 1862 would be best addressed by the Appropriations Committee in their budget discussion on how to fund GA-related state funding shortfalls.

Although the Appropriations Committee has not yet made any final decision on the GA program, some of the impacts to the GA program have been addressed in the DHHS's TANF exemptions and extension rules, which were finally adopted and implemented on Monday this week.

Those rules greatly reduce the impacts the TANF lifetime limits will have on GA. Based on very preliminary data, DHHS officials estimate that 75% of TANF households will qualify for an extension and not be summarily denied TANF benefits provided that they comply with requirements of their "family contracts". Where 3,000 households were initially projected to lose TANF benefits in May, the projected number is now 750 households statewide, just 25% of the original projection.

We encourage municipal officials from the hardest hit communities to take the effects of the rules into consideration in the process of developing FY 2013 local budgets. For more information on these rules, please feel free to contact DHHS's Office for Family Independence at 1-800-442-6003.

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to also address "takings" claims on an ad hoc basis.

In contrast, the minority report would build into Maine law an extremely complicated system of mediation, legislative intervention and, ultimately, litigation, for the purpose of providing landowners compensation from the government for property value losses attributable to land use regulation.

Based on the strong positions MMA's Legislative Policy Committee has taken on this bill in its many forms over the last 15 months, it is clear that MMA's Policy Committee supports the majority report and opposes the minority report on LD 1810.

LD 1835. This bill incrementally adjusts the mill rate trigger that establishes municipal eligibility for some share of the so-called "Revenue Sharing II" distribution. The current trigger is 10 mills. LD 1835 would move that trigger-point to the average statewide full value mill rate (currently 11.8 mills) no faster than ½ a mill per year. In addition, no change in the mill rate trigger point could ever occur unless the revenue sharing program was being funded at its full statutory level, without any of the legislative raids on the program that have occurred each of the last four years. LD 1835 received a positive 10-3 "ought to pass" report from the Taxation Committee, but the bill has been stalled in the Senate all week for unknown reasons.

Legislative Bulletin

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