



HOUSE OF REPRESENTATIVES

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To: Winslow Town Council
Subject: Maine Legislative Update for March 2010

State Budget Update:

The State's General Fund revenue picture has improved with the latest forecast indicating that revenue receipts will be \$51 million greater than forecasted in December 2009. The stronger than forecasted performance was attributable to increased revenue being received from the Individual Income Tax and Corporate Income Tax. Unfortunately, sales tax receipts continue to lag below historic levels.

In addition to the positive revenue results, the Federal government announced that an additional \$27 million will be made available to the MaineCare system for Medicare prescription drug utilization. While the Dept. of Health and Human Services (DHHS) welcomed the \$27 million of new funding, DHHS also informed the Legislature that a federal audit claims that DHHS improperly billed Medicaid \$29.8 million in targeted case management costs. The State has filed a compliant in U.S. District Court to overturn the federal decision. The outcome of the court decision will impact the DHHS net receipt of federal funds.

In total, the original forecasted budget revenue shortfall could be reduced by as much as \$78 million. Governor Baldacci will submit a second revision to his proposed Supplemental budget on March 3 to reflect the increased revenue. At that point, the Legislature will continue with the deliberations to balance the now expected \$360 million revenue shortfall for 2010-11.

Culvert Rules:

While most of the attention is being placed on the Budget and the resulting impacts, the Legislature is also considering other bills that will have an impact on local municipalities. One such example would be the "culvert bill" (LD 1725) which changes the DEP standards for culvert repair and maintenance to achieve natural stream flow to protect aquatic organisms. As proposed, the bill would prohibit maintenance of culverts by slip-lining since that process reduces the open area of the culvert which would theoretically impede the passage of aquatic life through the culvert. In addition, the bill would require the installation of larger culverts and stream crossings to achieve the natural stream flow. As currently drafted, LD 1725 is not considered a state mandate and will not be supported with state financial aid to the municipalities. To avoid the short-term cost increases to not only the towns but also to the state, the effective date of the rule change has been pushed out to 2012. The MMA as well as some members of the Legislature's Natural Resource Committee have opposed the bill because of the significant cost increase without a definitive measure of the benefit to aquatic life established. The final Legislative vote has not yet been taken.

Please contact me if there is additional information or clarification needed.

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